

Findings and
Recommendations

Taxicab and Livery Vehicle Regulation

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Legislative Program Review
& Investigations Committee

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TAXICAB AND LIVERY VEHICLE REGULATION

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Introduction

TAXICAB AND LIVERY VEHICLE REGULATION

The public relies on taxi and livery service to get to work, school, grocery shopping, doctor's appointments, and their weddings, for example. Consider the following usage statistics:

- Taxis are relied on by more than 70,000 travelers annually at Bradley International Airport.
- Businesses and commuters depend on a train-taxi network of public transportation as demonstrated by the more than 182,000 annual taxi departures from the Stamford Train Station alone.
- Taxis and medical livery vehicles provided 565,740 nonemergency medical transportation trips in FY 08 for Medicaid recipients needing to get to doctor's appointments, take medical tests, and receive dialysis or other medical treatment.
- The largest taxi company in Connecticut estimates serving the public over one million times per year, providing a service to a wide array of passengers including college students without cars and tavern customers who choose not to drink and drive.

The Legislative Program Review and Investigations Committee authorized a study to assess taxicab and livery vehicle regulation in March 2008. The central question in this study is to determine the appropriate level of regulation for taxicabs and liveries in Connecticut. The study examined four dimensions of regulation that may be controlled by government agencies: 1) market entry and expansion; 2) rates charged; 3) safety of passengers; and 4) service requirements. An overview of the taxi and livery industry is provided in Table 1.

Market Entry and Expansion

The taxi industry has experienced growth during the past decade and the committee did not see evidence of sizeable barriers to market entry. Based on a PRI file review, *nearly three-quarters of new applications were approved fully or at least partially* (i.e., fewer cabs or territories than requested). However, *market entry is almost twice as likely to occur through a sale and transfer of a part of an authority*. This is a route that bypasses the public hearing process, an important component of proof of public convenience and necessity.

Connecticut's proof of public convenience and necessity for market entry was examined. This is a requirement that falls within the middle range of the market entry regulation continuum, and while not as deregulated as open entry, it is also not as restrictive as placing a cap on the number of taxicabs. Some of the confusion about the definition of public convenience and necessity could be clarified with specific information from the Administrative Law Unit hearing officers about the evidence required to prove public convenience and necessity. Thus, *PRI concluded that proof of public convenience and necessity--as well as the elements of suitability and financial wherewithal--*

should be maintained as it serves a purpose in controlling the flow of cabs into particular towns and cities, helping to avoid over saturation of the market and poor service.

Lastly, the diversity of company ownership was researched. While the majority of taxi company owners are clearly Caucasian, there has been a change over time to increasingly more minority company ownership.

Rates Charged

The current system of rate-setting is based on approval of sporadic requests for meter rate increases by companies operating in particular territories. Fares are calculated such that a passenger may be charged two different rates for the exact same trip, depending on which cab they use. *The public would benefit from having uniform meter rates across the state.*

Safety of Passengers

The greatest concerns found in this study pertained to taxi vehicle safety. In 2003, the frequency of taxicab inspections changed from once every six months to every other year, and shifted from the DMV to independent garages performing these inspections. While there are a number of statutory and regulatory provisions that appear to promote taxicab vehicle safety, the PRI analysis of actual inspection-related information raises concerns about the effectiveness of these provisions. For example:

- There was a significantly lower failure rate of 21 percent for taxis inspected at independent garages compared with 38 percent at DMV inspection lanes.
- During 2004-2007, there were no unannounced, joint DMV/DOT inspections conducted.
- The DOT Regulatory and Compliance Unit reported they have never inspected certificate holder quarterly self-inspection records.
- Of the 43 vehicles inspected jointly by DOT/DMV at two train stations and Bradley International Airport in August 2008, 41 failed the inspection (95 percent failure rate) including at least six vehicles towed from the inspection site.
- The Regulatory and Compliance Unit continues to be unable to meet the monitoring requirements of the self-insurance certificate of financial responsibility held by the two largest taxi companies, one of whom had not submitted required monitoring reports since granted approval for self-insurance.
- Livery vehicles with a seating capacity of seven or less are not inspected by anyone unless sold or transferred.

The certificate holder has responsibility for assuring that drivers under his or her certificate are licensed with the proper endorsement; however, *an unacceptably high number of drivers are operating without the proper license and endorsement.* Citation hearings triggered by alleged certificate holder violations often result in minor fines. The severity of the consequences for not adhering to the statutes and regulations needs to be increased.

The committee also explored the status of taxi drivers as independent operators. The newly created legislative Employment Misclassification Enforcement Commission would be an ideal body to examine this complex issue and determine whether this is the correct classification for taxicab drivers.

Service Requirements

There are currently a number of towns with no taxi service at all, and DOT could take measures to encourage the establishment of taxi companies in these areas. This step would serve the dual purpose of meeting a need of the public for transportation, and encouraging an entrepreneur to gain entry into the market.

DOT has a complaint handling system that could be improved by making sure all written complaints are entered in the Complaint Logbook in a timely manner. Overall, service to the riding public and certificate and permit holders could be improved by the Department of Transportation taking steps to fully meet its responsibility for taxi and livery regulation. *PRI recommends the department resume long-overdue efforts to draft updated livery regulations and submit the revisions to the Regulation Review Committee. Additional resources for the under-staffed Regulatory and Compliance Unit are needed*, an expense more than compensated for monetarily by the addition of annual taxi and livery fees by certificate and permit holders as recommended in this report, and the improved safety and quality of service to the public.

Study Methodology

Program review committee staff reviewed national literature, particularly related to taxi industry regulation and de-regulation experiences. Other key components of the study methodology include:

- interviews with over 75 interested parties including: drivers; owners of small, medium and large taxicab and livery companies; legislators; regulators at the Departments of Transportation, Motor Vehicles, Social Services, and Consumer Protection; Attorney General's Office staff; attorneys for drivers and company owners; trade association representatives; railroad station and airport personnel; brokers of nonemergency medical transportation services; and an insurance agency for taxicabs and livery vehicles;
- telephone survey of regulators in the nine other states that regulate taxicabs at the statewide level (Colorado, Delaware, Kentucky, Montana, Nebraska, New Mexico, Pennsylvania, Rhode Island, West Virginia) and in municipalities in relatively close proximity to Connecticut (Springfield and Boston, Massachusetts; Burlington, Vermont; Portland, Maine; Manchester, New Hampshire; New York City; Newark, New Jersey; Baltimore, Maryland);

- analysis of an August 2008 joint inspection by DMV and DOT inspectors of 43 taxicab vehicles at the Stamford Train Station, New Haven Train Station (Union Station) and Bradley International Airport, three of the busiest taxicab service locations in Connecticut;
- site visits to New Haven Train Station, Stamford Train Station, and Bradley International Airport;
- review of DMV paper files of results of 355 taxi inspections performed by independent garages during 2007 and 2008;
- examination of DOT Administrative Law Unit public hearing decisions for 300 taxi applications and citations during 1998-2007, and 106 general and medical livery applications and citations during 2005-2007;
- analysis of the 118 complaints recorded between 2005-2007 in the DOT Regulatory and Compliance Unit Complaint Logbook;
- manual review of DOT Regulatory and Compliance Unit files for active and revoked taxi certificates and livery permits; and
- analysis of automated taxi certificate holder and livery permit files from a DOT Regulatory and Compliance Unit database (RCIS).

Report Organization

This report contains six sections. The first section provides an analysis of market entry and expansion of the taxi industry including a discussion of economic regulation and proof of public convenience and necessity. The second section highlights taxi safety information pertaining to four types of vehicle safety inspections, driver qualifications, and certificate holder responsibilities. Section three analyzes various aspects of taxi service including distribution of service across Connecticut towns and cities and the handling of complaints and citations against taxicab companies. An analysis of rate-setting is also provided including the rate application process and feasibility of current meter rate structure.

The fourth section focuses on the current regulation of the livery industry including market entry and expansion, the application process, vehicle safety, and driver qualifications. The role of permit holders, particularly as it relates to safety, is also discussed in this section. Section five addresses several unique aspects of market entry and the application process for nonemergency medical transportation. The section also contains a series of recommendations related to oversight of brokers and providers. Finally, section six examines the roles of agencies responsible for regulation of some portion of the taxi and livery industry. This section concludes with an examination of agency resources, and recommends ways in which agency oversight could be improved.

| Table 1. Overview of Taxi and Livery Industry | | | |
|--|--|--|--|
| Descriptor: | Industry: | | |
| | Taxi | General Livery | Medical Livery |
| Number of companies | 103 certificate holders | 274 permit holders | Approximately 50 nonemergency medical transportation providers |
| Number of vehicles | 963 taxis | 1,651 liveries | n/a |
| Number of qualified drivers | At least 19,333 | At least 19,333 | At least 19,333 |
| Primary regulating agencies | DOT and DMV | DOT | DOT and DSS |
| Initial vehicle safety inspection | Yes, by DMV | No | Not for livery vehicles |
| Biennial vehicle safety inspection | Yes, by independent garage | No | Not for livery vehicles |
| How service arranged | On call 24/7 and at cabstands | By advance reservation | By advance reservation through DSS broker |
| How passenger fares determined | Meters (for trips under 15 miles) and tariffs (for 15+ mile trips) | Tariffs (as approved by DOT R&CU for each permit holder) | No charge to passengers (Providers paid through contracts negotiated with DSS brokers) |
| Source: DOT and DMV Databases, and PRI staff analysis. | | | |

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TAXI MARKET ENTRY AND EXPANSION

State government regulates many aspects of private business, but the basic decision to start a business is most often left to the individual. In the case of taxicabs, the Connecticut Department of Transportation is the direct gatekeeper of who enters the market and whether existing companies may expand through the granting and amending of certificates of public convenience and necessity.

Concern was expressed at the public hearing and elsewhere that current state laws and their implementation regarding new persons seeking to enter the taxicab business impose hurdles that primarily benefit the taxicab companies currently in place rather than the public. To explore this concern, PRI staff examined the actual experience of taxicab market entry and expansion in Connecticut—both in terms of the results and the process. Relevant DOT files from 1998 through 2007, the most recent complete 10 years, were reviewed. The results of this file review are presented later in this section. To put those results in context, first the rationale for regulation in general and taxicabs in particular will be discussed, and the variation of taxicab regulation in terms of entering the market and fare setting in other jurisdictions will be identified. A brief overview of the current ways a person may enter the taxicab business or an existing business may expand in Connecticut will then be summarized. Finally, proposed recommendations in this area will be presented.

Rationale for Business Regulation

Regulation in general as applied to private businesses “involves persons outside the business relationship—i.e., neither the owner nor managers of the business nor its customers – in making the decisions that will rule business operations. This deviation from the principle of private control of economic decision making is generally justified on the grounds that the *public interest requires public control*. The explicit goal of regulatory decisions is to assure fair prices, reasonable service, adequate quality or whatever particular policy the regulatory scheme is designed to serve. The theory is that the market has failed either to protect or to represent consumers or other public interests adequately...”¹

Taxis in regulated markets are generally required to provide service to anyone who requests it in a specific geographic area at the same rate of fare. Thus, dense markets subsidize low-density areas, and peak times subsidize off-peak times. Without regulation, many believe service to low-density areas and off-peak trips might decline or not be available at all.

The level of taxicab regulation can be described along a continuum where at one extreme is full regulation, with government determining service supply and/or prices, and at the other extreme deregulation, where there is absence of government control. In an often cited 1993 report by Price Waterhouse on taxicab regulation,² a matrix is used to depict two dimensions of taxicab regulation:

¹ Pierce, Richard J., Jr. and Ernest Gellhorn, *Regulated Industries in a Nutshell*, 1999, Fourth Edition, West Group.

² *Analysis of Taxicab Deregulation and Re-Regulation*, 1993, Price Waterhouse for the International Taxicab Foundation.

market entry (who can be in business); and fares (what they can charge). As shown in the first column in Table I-1, the five market entry mechanisms range from the least restrictive “open entry” to the most restrictive “predetermined ceiling” on the maximum number of taxicabs.

The basic spectrum of fare setting mechanisms currently in the United States is shown across the remaining columns. The most restrictive level of fare setting occurs when the regulator determines what rates may be charged and the least restrictive when each taxicab operator sets his or her own fares.

Connecticut’s method of market entry--proof of public convenience and necessity--falls within the middle range of the market entry regulation continuum, and its required approval of territory meter rates and tariffs falls within the more restrictive range of the fare-setting regulation. (It should be noted that along with public convenience and necessity, Connecticut also has suitability and financial minimum standards).

| Table I-1. Connecticut’s Placement Along Two Dimensions of Taxicab Regulation | | | |
|--|------------------------------------|---|--|
| MARKET ENTRY MECHANISMS | FARE SETTING MECHANISMS | | |
| | Regulator Defines All Fares | Regulator Defines Minimum or Maximum Fares | Individual Operators Define Fares |
| Predetermined Ceiling | <i>Most Restrictive</i> | | |
| Population Ratio | | | |
| Convenience and Necessity | CT | | |
| Franchise System | | | |
| Minimum Standards | | | |
| Open Entry | | | <i>Least Restrictive</i> |

The rationale for regulating entry is that uncontrolled entry would lead to destructive competition with poor service and unsafe vehicles. The theory is that by controlling entry along with fares, taxicab owners and operators should have enough capital to maintain taxicabs in a safe way. If a greater number of taxis were in business than needed, it is argued that more taxis would be chasing less business, and so to maximize the profit from a cab, vehicle upkeep and maintenance would be sacrificed.

In the late 1970s and early 1980s, approximately 21 cities deregulated their taxicab industries,³ the experience of which was the focus of the 1993 Price Waterhouse report. The researchers found that, in virtually all cities that relaxed their market entry, there was a significant increase in taxis, particularly at airports and major cabstands. This led to service problems such as increases in refusals, no show rates, and fares, and a decline in vehicle age and condition. These

³ Cities that deregulated their taxi industry included: Berkeley, San Diego and Oakland California; Phoenix and Tucson, Arizona; Portland, Oregon; Seattle, Spokane and Tacoma, Washington; Tampa and Orlando, Florida; Indianapolis; and Atlanta.

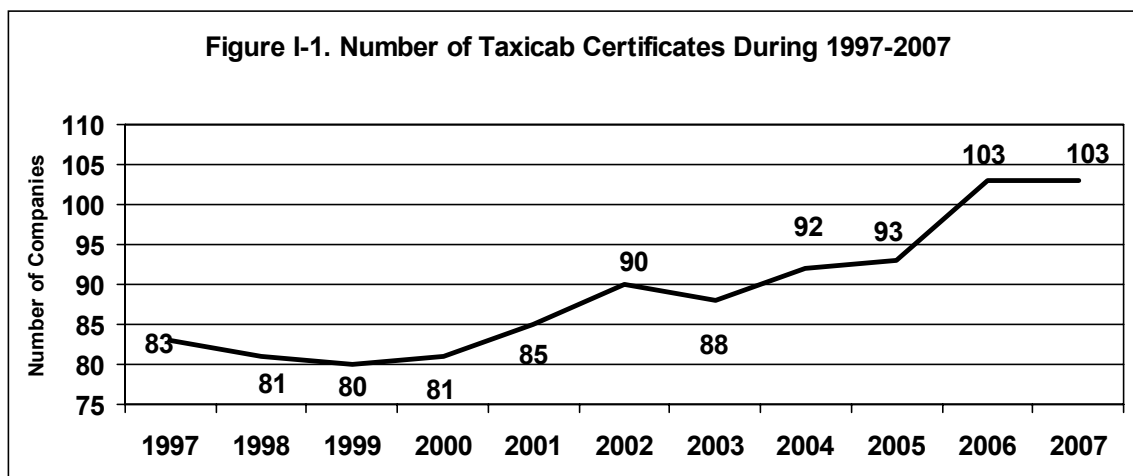
problems led a number of cities to revert back to a regulated system. Conversely, a 1984 report by the Federal Trade Commission⁴ found a number of smaller cities had achieved favorable results by deregulating entry and minimum fares in the radio-dispatched market segment.

The implications of these findings are not clear-cut for Connecticut as its taxi market is a mix of both cabstand and dispatch service. This might lead one to predict that deregulation of market entry in Connecticut would benefit or leave unaffected areas that rely on dispatch service, while airport, train station and other cabstand service might be expected to suffer. The issue of taxi deregulation for Connecticut will be examined further in this section.

Routes to Taxicab Market Entry and Expansion in Connecticut

The Connecticut taxi industry has experienced growth during the past decade. As of December 31, 2007, there were 103 taxicab certificate holders; 39 of those certificates were established between 1929 and 1992. Figure I-1 shows the number of new certificates awarded annually from 1998 through 2007. From a low of 80 taxicab certificates in 1999, the number rose by 29 percent to 103 by 2007, an average of almost three certificates a year.

As will be discussed further, the number of certificates alone does not describe market growth—another dimension is the number of taxicabs in the market. During the same time period of 1998 through 2007, for example, 181 new taxicabs were authorized.



Ways in which taxicab market entry and expansion occurs. The three ways in which new taxi companies may enter the market and the four ways existing companies may expand their number of vehicles are summarized in Table I-2. The requirements for each means of market entry and expansion are now described.

⁴Frankena, Mark W. and Paul A. Pautler, *An Economic Analysis of Taxicab Regulation*, 1984, Federal Trade Commission, Washington, D.C.

| Table I-2. Routes to Market Entry and Expansion | |
|---|--|
| Market Entry Routes | Market Expansion Routes |
| Approval of taxicab application for <i>new</i> certificate of public convenience and necessity | Approval of taxicab application for <i>additional</i> vehicles |
| <i>Full sale</i> and transfer of an existing company to an individual who does not already own a taxi company | Approval of taxicab <i>expedited</i> application for one additional vehicle |
| <i>Partial sale</i> and transfer of a portion of authority from a certificate, leading to creation of an additional company/certificate | <i>Full sale</i> and transfer of an existing company to another existing company, leading to an increase in the buyer's authority to operate additional vehicles |
| | <i>Partial sale</i> and transfer of part of an authority to another existing company, leading to an increase in the buyer's authority to operate additional vehicles |
| Source: PRI staff analysis. | |

As noted in the briefing report, three factors are **each** required to be present for new, expanded, or purchased taxicab service, with the burden of proof on the applicant. How these elements are proved in practice as well as the outcomes will be discussed later in the section.

Application Criteria

- **Public convenience and necessity.**⁵ In all the applications, “need” i.e., public convenience and necessity, is a required component, although how it is established varies. For new certificates and additional vehicle applications, the applicant must prove that public convenience and necessity **require** the operation of the requested specific number of taxicabs in the requested specific towns. Regulations state that public convenience and necessity include (but is not limited to) showing the availability of qualified taxicab operators in the area and that the number of taxicabs requested is justified given the need.

For sales and transfers, public convenience and necessity is presumed to already exist because of the underlying existing and approved certificate.

- **Suitability.** Regulations provide that proof of suitability may include the applicant's background (safety, motor vehicle or criminal violations) and business acumen. The applicant is required to have both state and federal criminal and state motor vehicle

⁵ Public convenience and necessity is a concept that is also used in other regulatory schemes such as hospital expansions, and trash to energy facilities.

records checks submitted to DOT. When an application has already established suitability before, that information may be taken into account by DOT.

- **Financial Suitability.** The regulations require the applicant to prove financial suitability to operate the proposed business for the initial start up period and otherwise include showing sufficient assets to operate the taxicab service. Additionally, vehicles must be in compliance with DMV inspection requirements, have adequate insurance and safety equipment, taxi meters for each vehicle, and a functioning communications system.

Application Process

As described in the briefing report, after an application is submitted, the DOT Regulatory and Compliance Unit works with the applicant to complete the required paperwork including financial balance sheet, criminal conviction history, and requisite certificate of incorporation or articles of organization from the Secretary of State.

The application is then submitted to the Administrative Law Unit for the administrative hearing officers to determine whether the application should be granted, based on the submitted evidence.

Only a new certificate application requires a public hearing. In the case of applications for additional taxicabs, a public hearing is only held when there is an objection to the application (e.g., by another taxi company), however, DOT reports that hearings are always held when there is an application for additional vehicles. When a public hearing is required, a notice of application and the scheduled public hearing date are publicized in local newspapers and through letters to competitors and public officials in the affected territory. Competitors may petition for party or intervenor status. Witnesses in support or opposition may testify at the hearing. The Regulatory and Compliance Unit Utilities Examiner is often present to obtain additional information necessary to complete his written opinion on the financial viability of the applicant for the authority requested.

For full or partial sales, no public hearing is required at all, and for an expedited application, there is a public hearing only if the applicant is not satisfied with the decision.

All taxi market entry and expansion application decisions are made by DOT administrative hearing officers based on the evidence presented (including any testimony) except for the expedited applications, which are decided by the Regulatory and Compliance Unit supervisor. The administrative hearing decision may grant either the full number of vehicles requested in all towns and cities requested, a portion of the number of vehicles requested in some of the towns, or deny the application altogether.

Appendix A summarizes each of the market entry and expansion routes and compares the criteria and process requirements for each.

PRI Analysis of New and Expanded Taxi Service in Connecticut -- Outcomes and Process

1998-2007

By reviewing individual file documents at the Department of Transportation, PRI staff collected information on the 194 DOT applications related to taxicab company entry or expansion during 1998 through 2007. Figure I-2 shows the greatest number of applications (one-third) was for additional cabs using the traditional application and hearing process. Approximately one in five applications were for full sales and transfers of taxicab companies while 27 percent were for partial sales and transfers. Approximately 16 percent were applications for new taxicab certificates, and 4 percent went through the expedited additional vehicle process.

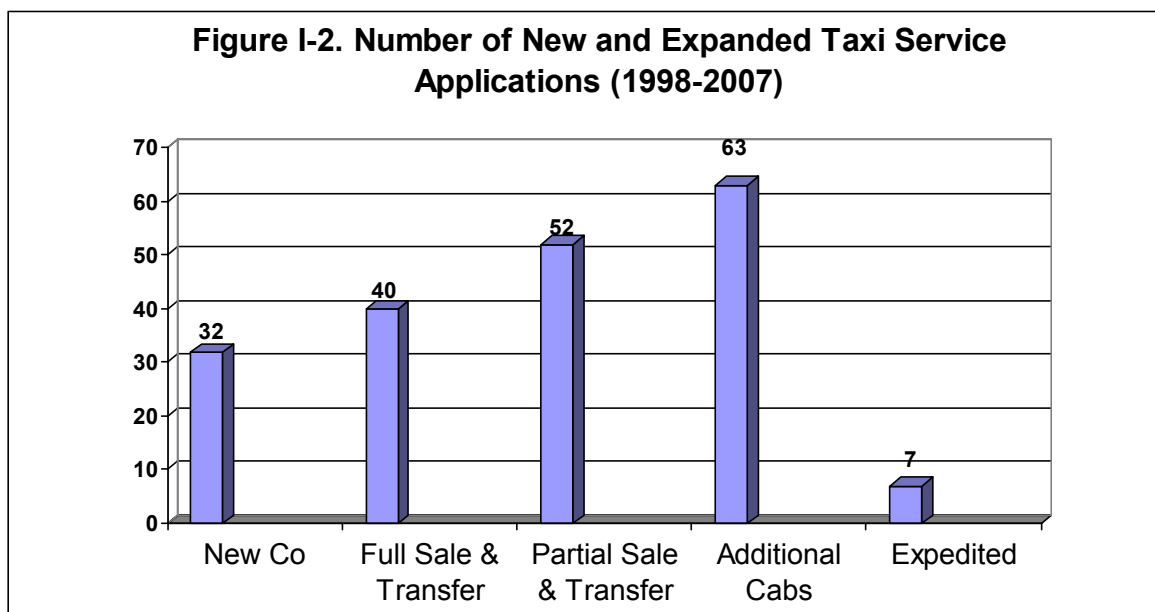
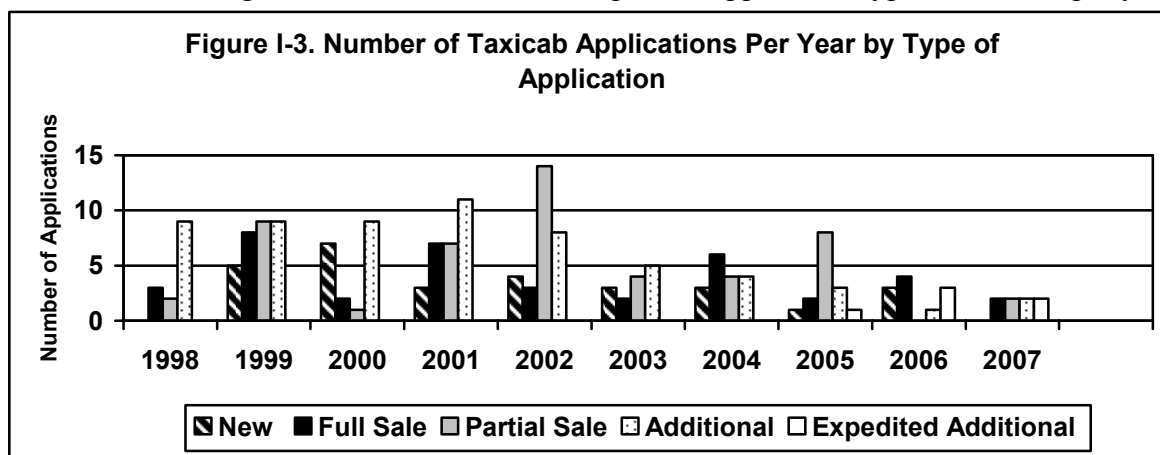
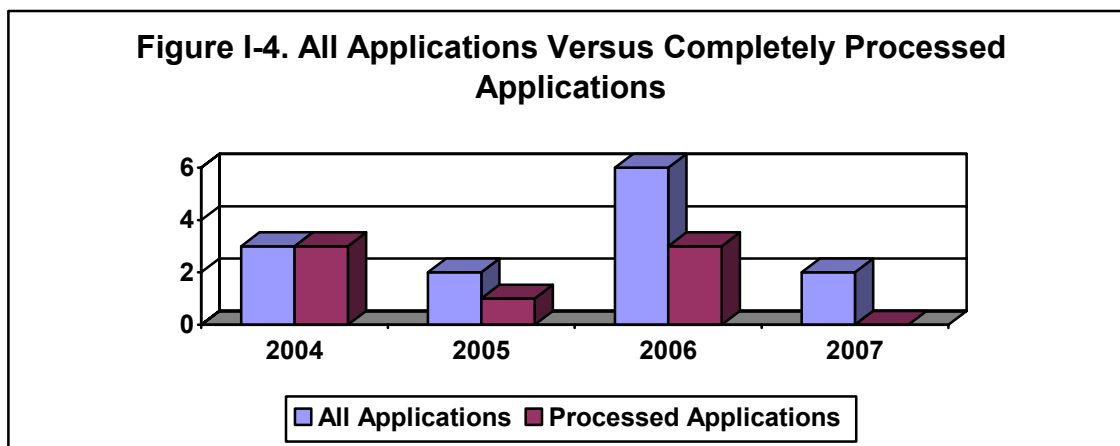


Figure I-3 shows the new or expanded application types submitted per year.

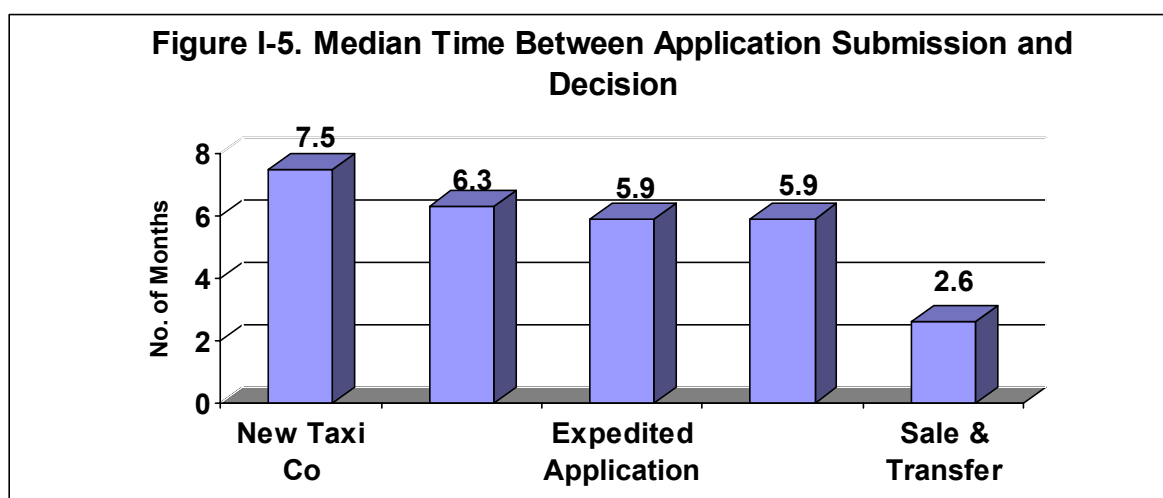


The option of expedited taxicab applications was unavailable prior to the year 2000. There were as many as seven new certificate applications filed in 2000 and none in 1998 and 2007.

Completion of application process. Figure I-4 shows *no more than half of applicants who submitted applications for new taxicab companies actually completed the application process* in the last three years. Approximately one-third of the applications were administratively withdrawn by the Regulatory and Compliance Unit because the application was incomplete, and others were withdrawn by the applicant for various reasons such as a car accident, decision to apply for livery permit instead, etc.



Time to process applications. Some believe that the length of time the application process takes for new certificates creates an undue hardship for potential new entrants. *The median length of time it took from submission of completed application by the potential new taxicab company owner to final decision was 224 days (7.5 months).* Figure I-5 shows sale and transfer applications take the least amount of time to process (2.6 months). Expedited applications for additional vehicles do not save significantly more time than non-expedited applications for additional taxicab vehicles.



The 117 applications that went through the public hearing process took significantly longer on average to decide (8.2 months) than the 127 applications that did not go through the public hearing process (4.8 months). However, *three-quarters of public hearings (76 percent) were completed in a single day*. Therefore, it is not the length of time to complete the hearing that lengthens the process. Additionally, with the exception of 1999, the length of time to process new taxicab applications has not varied greatly over the past ten years. Figure I-6 shows the processing time has rarely been less than six months (180 days) during 1998-2007.

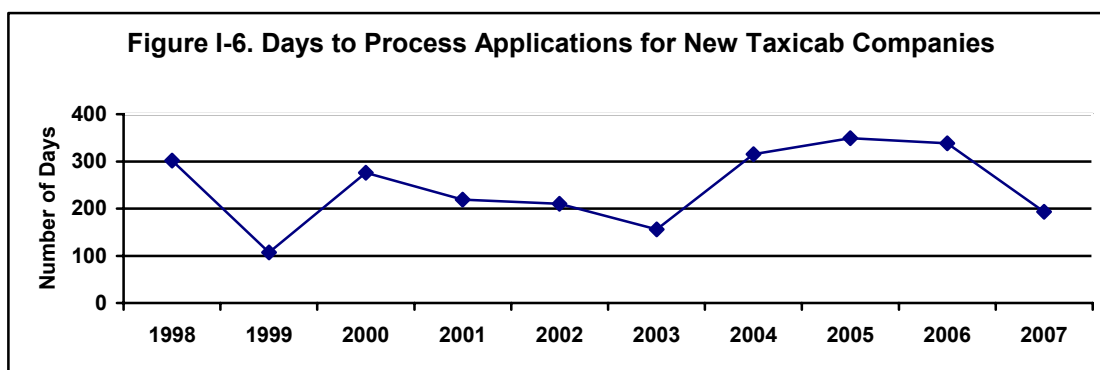
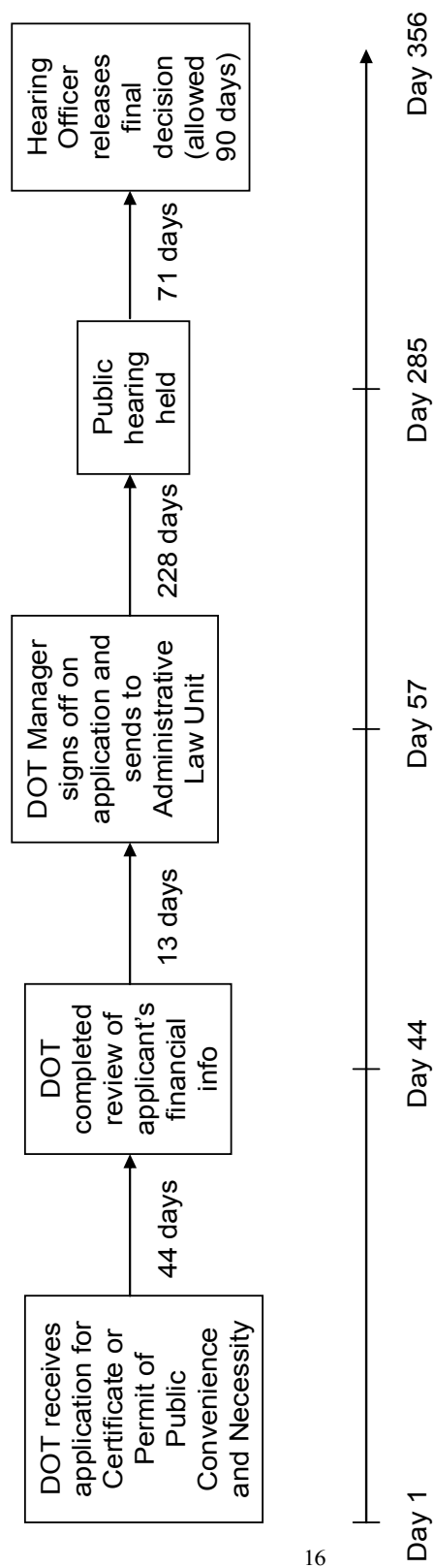


Table I-3 shows that *Connecticut takes a significantly longer time to process applications according to information reported by the comparison states*. Montana, for example, has a 180 day deadline to process applications. Uncontested applications took less time and applications requiring a public hearing took more time.

Application process timeline. To better understand where delays in the process may be occurring, an examination of 23 recent taxi (and livery) applications were reviewed. Figure I-7 shows the median number of days between each of the steps in the application process for a new taxicab (or livery) company. The longest period of time in the process occurs just prior to the public hearing. Factors that contribute to the length of time include requirement of publication of hearing in the newspaper for 30 days, scheduling challenges including postponements, etc. Additionally, the public hearings for multiple applications for the same territory must occur sequentially, further delaying the scheduling of the public hearing. On October 2, 2008, for example, there were 13 public hearings scheduled for October-December 2008, and 13 additional hearings waiting to be scheduled.

| Table I-3. Reported Estimates of Time to Process Applications in Comparison States | |
|---|---|
| State | Time to Process Application |
| Statewide Taxicab Regulation | |
| Rhode Island | Approx. 3 months |
| Delaware | 1-3 months |
| Pennsylvania | 3-6 months |
| West Virginia | |
| Kentucky | Approx. 6 months |
| Colorado | 1-6 months |
| Montana | 3-6 months |
| Nebraska | 3-6 months |
| New Mexico | 2-12 months |
| Other Comparison Jurisdictions | |
| Massachusetts (Springfield) | 2 months |
| Massachusetts (Boston) | NA, no new applications currently processed |
| Vermont (Burlington) | 1 week |
| Maine (Portland) | 2 weeks |
| New Hampshire (Manchester) | 1 month |
| New York City | NA, no new applications currently processed |
| New Jersey (Newark) | NA, no new applications currently processed |
| Maryland (Baltimore) | NA, no new applications currently processed |
| Source: Telephone survey of regulators in other states. | |

Figure I-7. Process To Apply to Operate a Taxicab or Livery Company



Initial Market Entry Via New Certificate Application Outcomes

Decisions on 32 applications for new taxicab companies were made during the 10-year period examined between 1998-2007, with two such decisions decided annually in six of the last 10 years. As noted, three areas assessed in determining the outcome of a new taxicab company application are: 1) financial wherewithal; 2) suitability; and 3) public convenience and necessity. Figure I-8 shows just under half of applicants (48 percent) fully demonstrate public convenience and necessity as compared with 83 percent fully demonstrating financial wherewithal. *Public convenience and necessity has a lower approval rate than financial wherewithal and suitability.*

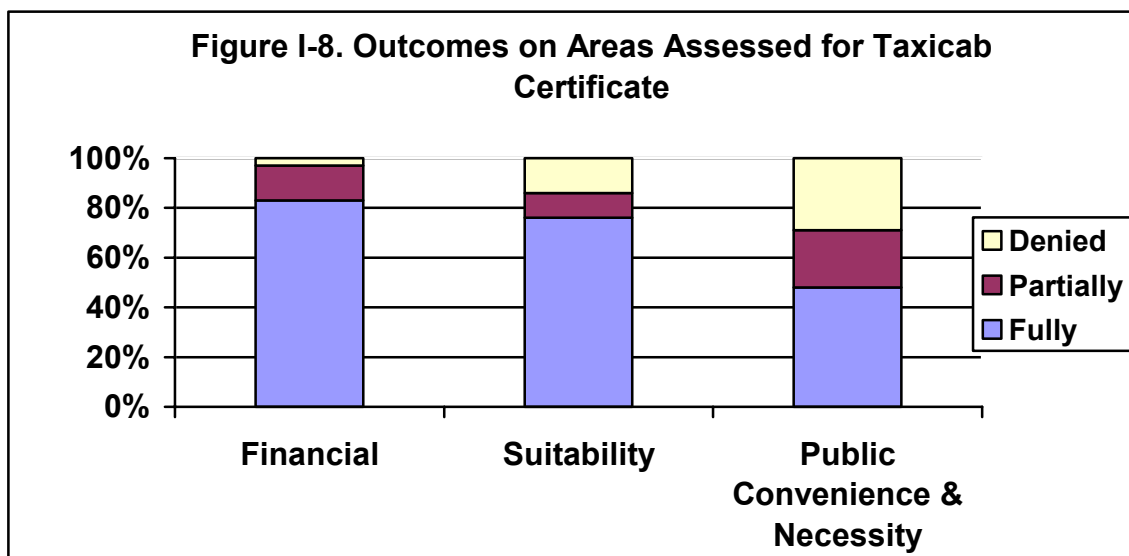
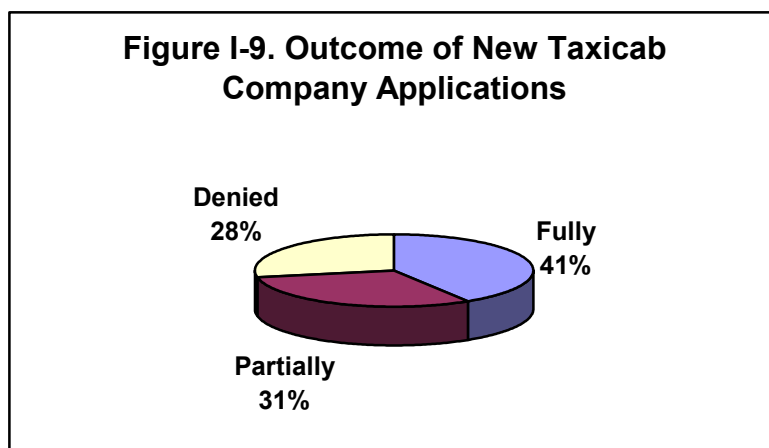


Figure I-9 shows that *nearly three-quarters of new applications were approved fully (13 applications) or at least partially (i.e., fewer cabs or territories than requested) (10 applications).*



All 23 of the approved applicants proved public need for the new service, adding 82 more taxicabs into service (average of 3.6 cabs per new company). Just 9 of the 32 were denied fully.

Thus, 23 new taxicab companies were approved in the past 10 years using the public hearing process. *There do not appear to be significant market entry barriers for applicants going through the DOT application and hearing process.*

Differences in application approval by territory. Although the numbers are small, Table I-4 shows a somewhat greater likelihood of new taxi applications being approved for the Greater New Haven territory and denied for the Greater Hartford territory.

| Table I-4. Approved and Denied Applications By Territory | | |
|---|-----------------|---------------|
| Territory | Approved | Denied |
| Greater Hartford | 2 | 3 |
| Stamford | 2 | 1 |
| Greater New Haven | 8 | 3 |
| Greater Waterbury | | 1 |
| Greater Bridgeport | 1 | |
| Groton/New London | 2 | 1 |
| Guilford | 1 | |
| Torrington | 1 | |
| New Britain | 1 | |
| New Canaan | 1 | |
| Meriden/Wallingford | 1 | |
| Westport | 1 | |
| Norwalk | 1 | |
| Darien | 1 | |
| Total | 23 | 9 |
| Source: PRI staff analysis. | | |

To summarize, new applications approved, either fully or partially, were more likely to have:

- demonstrated public convenience and necessity;
- demonstrated suitability;
- supporting witnesses; and
- few or no opposing witnesses.

The following factors were unrelated to full or partial approval:

- demonstration of financial wherewithal (because nearly all applicants met this requirement);
- having an attorney representing applicant; and
- presence of one or more intervenors.

Initial Market Entry Via Full and Partial Sales and Transfers of Existing Certificates

Another way new taxicab companies arise is from a full or partial sale and transfer of existing certificates, which occurred 44 times from 1998-2007. These *44 new companies resulted from 13 full sales* (averaging 5.3 cabs per sale) *and 31 partial sales* (averaging 1.4 cabs per sale). This figure is nearly twice as many as the 23 new companies established via the DOT public hearing process during the same time period. Altogether the new taxicab companies operated 111 cabs, but none of these cabs added to the total number of authorized cabs in the state, as they had been previously authorized for the seller or transferor.

No sale and transfer applications were turned down by the DOT Regulatory and Compliance Unit, making *market entry almost twice as likely to occur through a sale and transfer than from the new application process*. Although public convenience and necessity has already been established by the seller, the buyer still must show financial wherewithal and suitability, which is almost always demonstrated.

Market Expansion Via Additional Vehicle Applications

The additional vehicle application process was used 63 times during the past 10 years, and 16 percent of the 63 applications were for the addition of a single taxicab vehicle. A public hearing is only held in requests for additional vehicles when there is an objection to the application (e.g., by another taxi company), however, DOT reports that hearings are always held when there is an application for additional vehicles, and the hearing is similar to that for a new taxicab company. Proof of convenience and necessity must be demonstrated, and in all 20 instances when it was not proven, the application for additional vehicles was denied.

One-third of additional vehicle applications were approved fully, one-third approved partially, and the remaining one-third denied. These results suggest that approval of additional vehicle applications may be more difficult to achieve than approval of new vehicle applications.

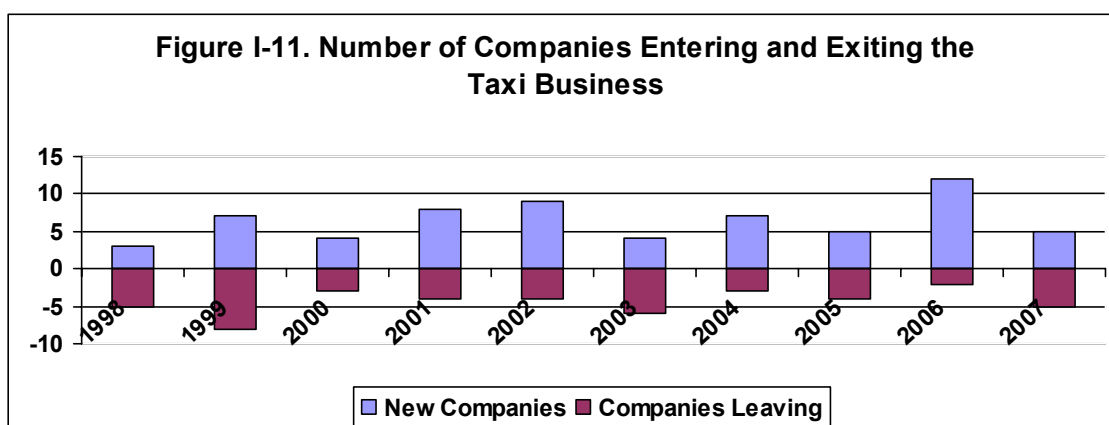
The option of expedited taxicab applications was unavailable prior to the year 2000. It is estimated to have been used approximately twice annually during 2005-2007. One reason for its relatively low use may be that it is not open to certificate holders with Bradley International Airport badges (to provide taxicab service in the airport queue line). Regardless, in all instances examined, the expedited application was approved by the Regulatory and Compliance Unit.

Figure I-10 summarizes the various routes to market entry and expansion. Table I-5 compiles additional statistics on the market entry and expansion options. Specific concerns are raised about partial sales that will be addressed later in this section.

| Table I-5. Summary of Application Results Influencing Taxicab Market Entry and Expansion | | | | | | |
|--|-------------------|---------------------|----------|----------|-------|--------|
| Type of application | # of applications | Application Outcome | | | | |
| | | Full | Partial | Denied | # cos | # cabs |
| Market Entry Route | | | | | | |
| New | 32 | 13 (41%) | 10 (31%) | 9 (28%) | 23 | 82 |
| Full sale | 13 | 13 (100%) | 0 (0%) | 0 (0%) | 13 | 69 |
| Partial sale | 31 | 31 (100%) | 0 (0%) | 0 (0%) | 31 | 42 |
| | | | | | | |
| Market Expansion Route | | | | | | |
| Additional | 63 | 21 (33%) | 22 (35%) | 20 (32%) | 31 | 92 |
| Expedited additional | 7 | 7 (100%) | 0 (0%) | 0 (0%) | 5 | 7 |
| Full sale | 27 | 25 (93%) | 2 (7%) | 0 (0%) | 27 | 112 |
| Partial sale | 21 | 21 (100%) | 0 (0%) | 0 (0%) | 21 | 57 |
| | | | | | | |
| Source: PRI staff analysis. | | | | | | |

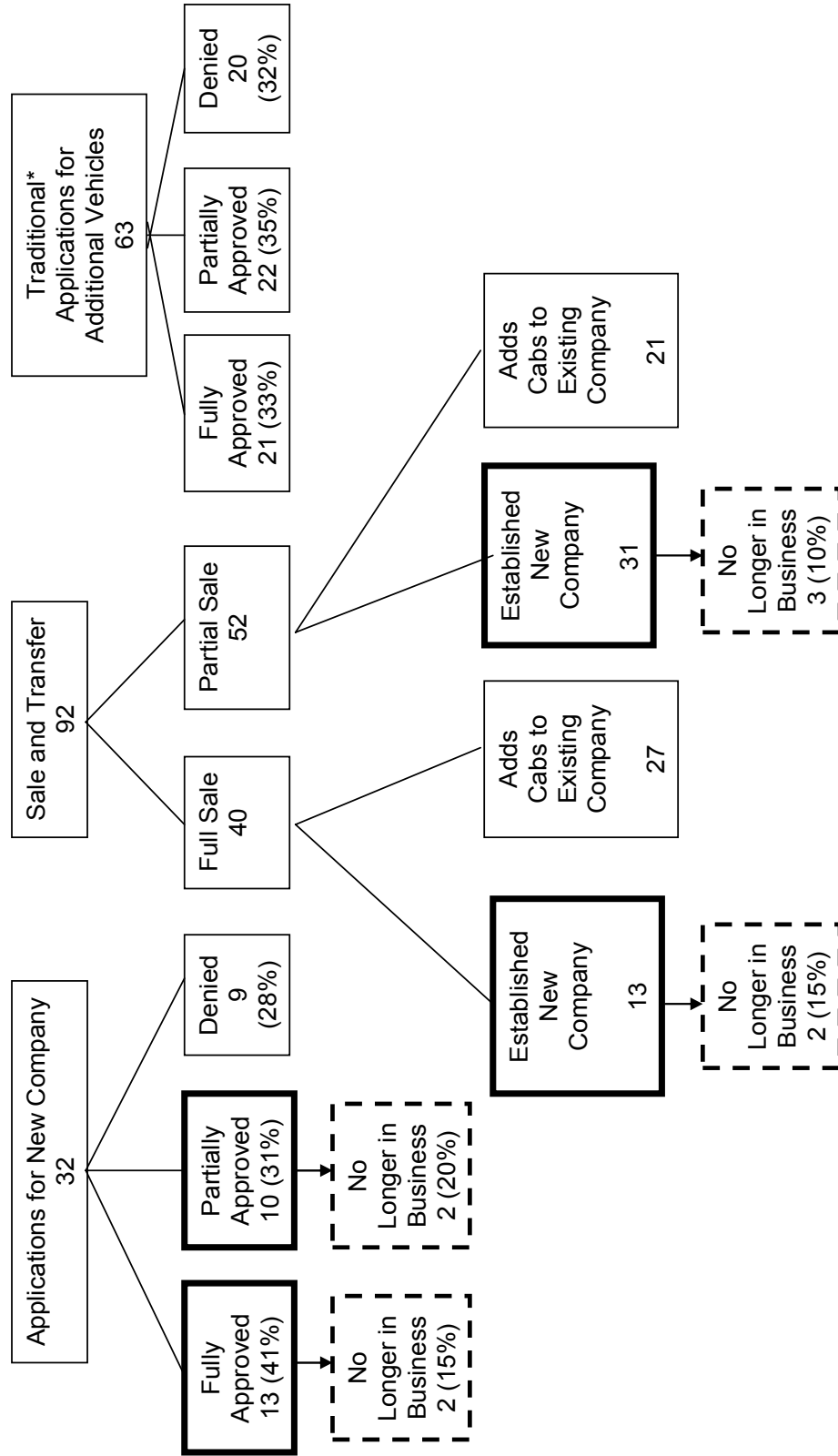
Market Stability

Market entry and exit of taxicab companies. Public convenience and necessity favors stability of the market. During the same 10 year period that 65 taxicab companies were started (23 from the application process and 42 from the sale and transfer process), 44 companies were sold or went out of business. Figure I-11 shows the number of new companies entering the business and the number of companies selling or otherwise leaving the business.



Of the 44 companies, 37 were sold (84 percent), 5 had their certificates revoked (11 percent) and two voluntarily forfeited their certificates (5 percent) (see Table I-6).

Figure I-10. Taxicab Industry Market Entry and Expansion



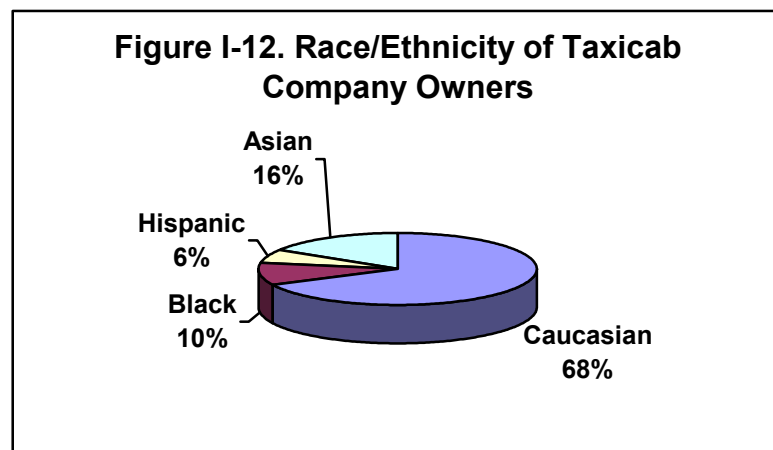
*All seven expedited applications for additional vehicles were fully approved for five existing companies.

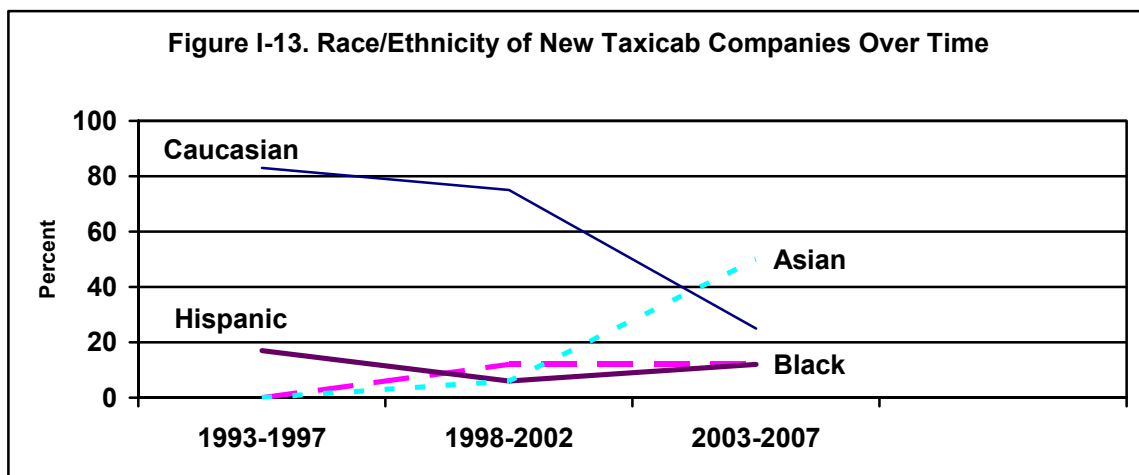
| Table I-6. Taxicab Companies that had their Certificates Revoked | | |
|---|-----------------------|--|
| Taxicab Company | Number of Cabs | Year Certificate Revoked or Turned in |
| Certificate Revoked | | |
| Jin Transportation/New Fairfield Cab | 21 | 2005 |
| New Britain Taxi | 5 | 2002 |
| East Shore Cab | 3 | 2000 |
| Citywide Taxi | 2 | 2007 |
| U.C.P. Transportation | 2 | 1998 |
| Certificate Turned in | | |
| Lakeville Taxi | 1 | 2001 |
| Torrington Cab Co | 1 | 1999 |
| Source: DOT Regulatory and Compliance Unit certificate holder files. | | |

Stability of single cab companies. Some predicted that single cab companies would be less stable and more likely to go out of business than larger companies. Table I-6 shows none of the companies that had their certificates revoked were single vehicle companies, although the two companies that turned in their certificates were single cab companies.

Market Entry and Diversity of Company Ownership

Some have raised concerns that the taxi companies are owned primarily by Caucasians and males, and there is little ethnic or racial diversity in business ownership in the taxi industry. Figure I-12 shows the race/ethnicity of 67 current owners (as reported by applicants on the criminal background check form), all but 90 percent of whom are male (7 percent female; 3 percent husband and wife). *While the majority of taxi company owners are clearly Caucasian, Figure I-13 shows the change over time to increasingly more minority company ownership.* Male ownership continues to dominate the industry and has not changed over the time period analyzed.





Conclusion about Connecticut Level of Regulation

Based on the results of the file analysis, *the committee believes Connecticut should continue to regulate its taxicab market entry and expansion with the current three requirements: proof of public convenience and necessity; applicant suitability; and financial wherewithal.* While few could argue that certificate holders must be suitable and have the financial wherewithal to operate a taxicab company, the larger question relates to use of proof of public convenience and necessity for market entry and expansion. Some of the confusion about what is meant by the term can be cleared up through recommended improvements to applicant directions. Further, the public hearing process is integral to determining public convenience and necessity. Requiring proof of benefit to the public before allowing additional certificate holders and expansion of existing companies is necessary to prevent oversaturation of the market and loss of ability by the DOT to enforce regulations that protect the public. However, there are concerns about the actual implementation of the process, and these concerns and proposed solutions are now described.

Public convenience and necessity in other states and municipalities. Throughout the report, Connecticut is compared to both the nine other states that regulate their taxi industries at the state level and several municipalities in nearby states. Table I-7 shows, *like Connecticut, proof of public convenience and necessity is required by all comparison states regulating taxicabs at the statewide level.*

Concerns About the Current Regulatory Process

Definition of public convenience and necessity. As is the case with Connecticut, other states struggle with defining proof of public convenience and necessity, relying primarily on witnesses to testify that the existing service is insufficient or problematic, or there is a current lack of taxicab service in the territory. Some states, such as Delaware, require supporting documentation of verbal or written statements, such as demographic trend surveys, petitions, and written requests for service.

| Table I-7. Requirement of Public Convenience and Necessity in Comparison States | |
|--|---|
| State | Proof of Public Convenience and Necessity Required |
| Statewide Taxicab Regulation | |
| Rhode Island | Yes |
| Delaware | Yes |
| Pennsylvania | Yes |
| West Virginia | Yes |
| Kentucky | Yes |
| Colorado | Yes |
| Montana | Yes |
| Nebraska | Yes |
| New Mexico | Yes |
| Other Comparison Jurisdictions | |
| Massachusetts (Springfield) | Yes |
| Massachusetts (Boston) | No (No new applications currently accepted) |
| Vermont (Burlington) | No |
| Maine (Portland) | No |
| New Hampshire (Manchester) | No |
| New York City | No (No new applications currently accepted) |
| New Jersey (Newark) | No (No new applications currently accepted) |
| Maryland (Baltimore) | Yes (No new applications currently accepted) |
| Source: Telephone survey of regulators in other states. | |

In reviewing all new taxicab company applications decided during 1998-2007, PRI noted the following common attributes of approved applications:

- presence of witnesses—who were unrelated and not friends with the applicant—that testified about bad service from a competitor (unreliable, not timely) and/or lack of service from a competitor;
- customers waiting longer than 20 minutes for a cab (in an urban setting);
- presence of witnesses who testified they would use the applicant's service;
- the applicant's service is considered good and reliable;
- applicant submission of records showing refused calls or calls referred to competitor; and
- other factors demonstrating that the proposed taxi service is different and would be needed by the public in the area of concern.

Supporting witnesses who were related or friends of the applicant were given no weight by the hearing officers as noted in their decisions. Additionally, petitions and letters of support were given no weight because the signatories were not present for cross-examination. Arguments from competitors opposing the application because there is not enough business to support another company were given no weight because the effect of a new business on existing businesses has no bearing on the public's convenience and necessity. Conversely, witnesses who testified in support of the applicant because they believe competition is a good idea were also given no weight in the hearing officer's decision.

Supporting witnesses had to provide examples that covered all towns and cities requested in the application. For example, if witnesses testified about their experiences in two towns but no one testified about experiences in the third town, then the applicant could be approved to operate in the two towns but not in the third town.

Supporting witnesses that testified in part because they thought competition "was a good thing," were also given no weight as their testimony did not specifically show that the public's convenience and necessity required the new service. Similarly, the opposing testimony of competitors given intervenor status was given no weight if in recent history the competitor had applied for additional vehicles in the same territory as the applicant.

Specific information from the Administrative Law Unit hearing officers about the evidence required to prove public convenience and necessity would take some of the mystery out of the process. Therefore, the program review committee recommends:

The DOT Administrative Law Unit hearing officers should prepare a plain language explanation about the type of evidence that may establish public convenience and necessity for new certificate applicants, including what is considered unacceptable evidence.

Future applicants would also benefit from reviewing decisions of previous taxicab applications. In their decisions, the hearing officers specify which evidence is credible and contributes to proving public convenience and necessity and the reasons why other evidence is not considered in the decision making process. **Therefore, the committee recommends:**

Taxicab certificate decisions shall be published on the DOT website within 30 days of outcome.

Application fee. The applications for taxicabs currently require an \$88 fee along with the completed application. The last time this fee was increased was approximately 25 years ago (P.A. 84-254), when it was raised from \$25. In today's dollars, the \$88 fee would be \$183. To keep pace with inflation, and match the current \$200 rate of livery application fees, **the program review committee recommends:**

C.G.S. 13b-97(a) shall be amended to increase the fee for a taxicab certificate application to two hundred dollars.

Application form. There are deficiencies in the current application form. Some of the questions, for example, are confusing and other areas are absent from the form. This section describes some of the application form concerns.

Section I of the application for new taxicab authority requests information on names and addresses of partners, type of vehicles for which the certificate is sought, experience in taxicab or transportation service, motor vehicle accident history, and criminal convictions. The application does not ask for information about how the applicant will cover the required 24 hours per day, seven days per week availability of service, given the limitation on the hours permitted for a driver to operate a taxicab. It has been widely reported that drivers exceed their allowable operating hours, and a question regarding how the 24 hours per day of service will be covered will help enforce this requirement.

The taxi-related applications also do not require the hours of operation to be listed if not 24 hours per day. The applicants should state up front hours when they will not be operating their business. Many of the companies do not have permission from the DOT to operate less than 24 hours per day; however, during public hearings, a competitor or applicant will state that a company is operating less than the 24 hours stated on the certificate. Thus, it appears to be happening without notification of or permission from the DOT. A question on the form will clarify the intent of the applicant regarding hours of operation.

The application question of disclosure of criminal convictions for motor vehicle violations within the past 10 years should be a separate question from disclosure of criminal convictions for any other crimes or offenses. Currently, applicants may respond to only a portion of the question. The hearing officers believe more accurate information would be disclosed by clearly having two separate questions regarding criminal convictions for motor vehicle violations and other offenses.

Applicants are also required to list the name, address and telephone number of any attorneys providing them with representation. Sometimes the attorney listed on the application is not the attorney that will represent the applicant/respondent in the hearing. It would be helpful to have attorneys file appearances with the department, as they do in court, to indicate who is representing the applicant/respondent in the matter so the hearing officer can communicate directly with the attorney.

New taxi applications should also require the applicant to describe the company's record keeping system, including the location of where taxi records will be kept for DOT inspection. This will elevate the importance of record keeping for certificate applicants. Based on these suggestions, **the committee recommends:**

The DOT Regulatory & Compliance Unit should make the following changes to the Taxi Applications:

- **New Taxicab Authority to include a question about how the applicant will cover the required 24 hours per day, seven days per week availability of service.**

- **Separate questions on disclosure of motor vehicle criminal history within the past 10 years from other criminal history within the past 10 years**
- **Require listing of hours of operation**
- **Request attorneys representing applicants to file an appearance with the DOT**
- **Description of record keeping system, including location of records to be kept for DOT inspection**
- **Require statement on application form that applicants must update any financial information five days before the public hearing (as will be discussed later)**

Complaints against applicant. According to the Administrative Law Unit, outstanding complaints are only checked for existing certificate or permit holders. There have been instances, however, where an applicant has an outstanding complaint, and the hearing officer only becomes aware of this status at the time of the hearing when a witness testifies. It should be a relatively simple matter to check the Complaint Logbook to determine if there are any outstanding complaints involving the applicant. **Therefore, the program review committee recommends:**

The Regulatory and Compliance Unit should assess whether any applicant, regardless of current certificate holder status, has any outstanding complaints. This information should be part of the information communicated to the Administrative Law Unit in preparation for any public hearing on an application.

Required financial information. Since there is often a delay of several months between the initial financial information provided with the application, updated financial information is required of the applicants at the time of the hearing. (This situation also occurs for other hearings such as hearings for additional vehicles.) Often, this request is made of the applicant by the Regulatory and Compliance Unit Utilities Examiner on the day of the hearing, delaying the process while awaiting the applicant's updated information. If the applicant were required to supply the updated financial information in advance of the hearing, this delay would be eliminated, helping to make the process timelier. **Therefore, the program review committee recommends:**

Taxi applicants should be required to supply updated financial information to the Utilities Examiner five days prior to the hearing.

Consistency of decisions. Questions have been raised about the consistency of some of the decisions by the Administrative Law Unit hearing officers. While the vast majority of decisions are quite predictable, there are certainly instances where decisions appear inconsistent with previous decisions. In response to this concern, the hearing officers reported a procedure they currently have in place to review each other's decisions prior to release of the case outcome.

In considering how these decisions are made, the process may not be fully benefitting from the knowledge and expertise of the Regulatory and Compliance Unit. This absence of information means the hearing officers may not always have complete information to make an informed decision. While a member of the Regulatory and Compliance Unit is often present at citation hearings representing the viewpoint of the unit, it is often solely the utilities examiner present at an application hearing. That examiner has an interest and expertise that is limited to financial matters. Thus, hearing officers often lack information on the viewpoint of the Regulatory and Compliance Unit regarding the application under consideration. As a result, decisions are made with somewhat limited information. The consistency of hearing officer decisions may very well improve with the receipt of more complete knowledge. **Therefore, the committee recommends:**

In addition to the DOT Regulatory and Compliance Unit utility examiner, a member of the DOT Regulatory and Compliance Unit with non-financial perspective should be a party to the Administrative Law Unit public hearings, representing the viewpoint of the unit on the taxi application or citation under consideration.

Expedited applications. Although, per regulation, the decision to grant an additional vehicle is theoretically made based on such information as trip records and refused or missed calls, the omission of the public hearing step in the process precludes factoring in witness testimony and evidence when making the final decision. The public hearing is an important aspect in the determination of proof of public convenience and necessity due to the complex nature of the concept. The expedited application process is also inconsistent with the traditional public hearing process considered necessary for adding vehicles to a certificate. Beyond providing evidence helpful in determining proof of public convenience and necessity, witnesses may also shed light on applicant suitability factors. **Therefore, the program review committee recommends:**

The regulations shall be amended to eliminate the expedited application process for taxicab vehicles.

Partial Sales

As noted earlier in this section, market entry is more likely to occur through a sale and transfer than through the new application process. There are several concerns regarding market entry through the sale and transfer of a portion of a certificate holder's authority. The concerns regarding partial sales are now discussed.⁶

Presumption of public convenience and necessity. Public convenience and necessity is not simply determined by how many vehicles are permitted to operate in a particular territory. There are considerations regarding the company itself and its ability to serve a particular market niche, or in some way offer a service that may otherwise be unavailable to the public. These considerations become more prevalent as the taxi market becomes more saturated.

⁶ While the taxi statutes only refer to sales of certificates (C.G.S. Sec. 13b-97), the authority to sell part of a certificate (i.e., providing for a sale of "any or all of the certificate holder's interest in a certificate") is based on DOT regulations adopted in 2000 (R.C.S.A. 13b-96-36).

A certificate holder, for example, may have been awarded an authority to operate in a particular territory based in part on their ability to hire Spanish speaking drivers and operate a bilingual dispatch, services needed by the community and not being provided by competing companies. To then sell part of this authority to another individual who may not provide the same service *has not proven that the public needs this new taxicab company*.

DOT loss of control over market entry and expansion. This proliferation of taxicab companies demonstrates that market entry is being controlled more by existing taxi companies through sales and transfers, rather than through the DOT and the application and hearing process. All partial sales of taxicab companies over the past ten years were approved, a practice that avoids the public hearing process, and increases deregulation of market entry and expansion for those who can afford the seller's price. Thus, the sellers of these partial authorities have greater control over market entry and expansion than do the DOT regulators.

Enforcing regulations for an increasing number of companies. The increasing number of companies is a concern for regulatory enforcement. As will be discussed in Section VI, during this same period that the number of companies was increasing, the Regulatory and Compliance Unit was faced with significant staffing changes.

Taxicabs as commodities or investments. In some instances, certificate holders appear to be requesting additional vehicles from the DOT (for an additional vehicle application fee of \$88 plus possible attorney fees) and then turning around and selling the vehicle for \$25,000-\$40,000 in a partial sale. The current regulations allow such transactions; however, the intent of granting additional vehicles was to benefit the public rather than be used as a product with fairly minimal oversight and little benefit to the state. Table I-8 illustrates three examples of an application and granting of additional vehicles followed by a partial sale.

| Table I-8. Examples of Additional Vehicles Followed by Partial Sales | |
|---|--|
| <ul style="list-style-type: none"> Oct '99 Taxicab Company A received 1 additional vehicle (\$88 application fee) Jan '02 Taxicab Company A sold 1 vehicle for \$35,000, resulting in establishment of a new company | |
| <ul style="list-style-type: none"> Sep '02 Taxicab Company B received 4 additional vehicles (\$88 application fee) July '04 Company B sold 1 vehicle for \$25,000 to an existing company July '04 Company B sold 1 vehicle resulting in establishment of a new company | |
| <ul style="list-style-type: none"> Feb '98 Taxicab Company C received 2 additional vehicles (\$88 application fee) Jul '00 Taxicab Company C sold 2 vehicles for \$80,000, resulting in establishment of a new company | |
| Source: PRI staff file review and analysis. | |

Partial sales in other states. Few of the comparison states permit partial sales of taxicab authorities. As shown in Table I-9, some states will allow sale of a particular type of service among

multiple services provided; however, as noted by one interviewee, partial sales would defeat the regulator responsibility for controlling market entry.

| Table I-9. Partial Sale Permitted in Comparison States | |
|---|--|
| State | Partial Sale Permitted? |
| Rhode Island | Do not allow taxicab companies to bifurcate their authority for the purpose of transferring or selling off just a portion of their business |
| Pennsylvania | The Public Utilities Commission does not issue taxicab certificates by vehicle; certificates are given to provide taxi service in a prescribed territory |
| Kentucky | They allow a partial sale and require the same information as if for a new application |
| Colorado | The Public Utilities Commission has granted transfers of portions of an authority related to a type of transportation (e.g., a carrier sells the scheduled shuttle portion of an authority but retains the taxicab portion); selling a portion of the allowed number of cabs has never been done or even applied for in Colorado |
| Montana | Certificates are for areas rather than a number of vehicles |
| Nebraska | An authority can only be sold in total, or a “supplement” of the authority such as selling bus service and retaining taxi service |
| New Mexico | Only a full sale may occur; also, their certificates do not specify the number of cabs that may be operated in the authorized territory |
| Source: Interviews with state taxicab regulatory bodies. | |

Partial sales of taxicab companies may be somewhat unique to Connecticut. The advantage of allowing partial sales rests with the seller, who is receiving as much as \$65,000 for the authority to operate one taxicab. While it is understood that the certificate holder has invested in a business, a seller may still realize the benefit of his or her hard work when a *full* sale occurs, particularly when the taxicab company name is retained.

The numerous concerns raised about partial sales and their apparent lack of benefit to the public leads **the program review committee to recommend:**

C.G.S. Sec. 13b-97(c) shall be amended to specifically prohibit partial sales of taxi certificate interests.

TAXI SAFETY

The public expects that a taxicab, as a mode of public transportation, is safe and the driver competent. Connecticut has a number of statutory and regulatory provisions intended to ensure taxicab safety, both in terms of the vehicles and the drivers, and this study assesses the efficacy of those provisions.

This section provides a refresher on the four types of taxicab safety inspections, which were described in the staff briefing, and the actual results of these inspections based on PRI staff analysis. Recommendations are proposed to improve the process and promote a higher level of taxicab vehicle safety that more closely reflects the expectations of the riding public. An examination of driver qualifications is then followed by a review of certificate holder responsibilities, particularly as they relate to safety (Appendix B provides a summary of taxicab safety regulation in comparison states and jurisdictions). The section concludes with some information about taxicab accident rates and an accident case illustrating the importance of certificate holder safety responsibilities.

Vehicle Safety

Currently, the safe operating condition of taxicab vehicles in Connecticut is regulated in four ways:

1. **Initial vehicle inspections.** As part of the initial vehicle registration process, the Department of Motor Vehicles must inspect and approve a vehicle before it is put into service for the first time as a taxicab, including taxicab vehicles that are being sold and transferred.
2. **Certificate holder self-inspections.** Each certificate holder is required to inspect each taxicab in his or her fleet at least once every three months to assure it is properly maintained in a safe, clean, and sanitary condition. A written record of the inspections, including comments on the condition, defects and repairs made must be maintained at the certificate holder's business address for no less than 24 months.
3. **Occasional DOT requested inspections.** Any taxicab is subject to inspection at any time, at the request of the DOT commissioner or employees or agents of the commissioner for construction and equipment of said vehicle, including but not limited to brakes, tires, lights, suspension, steering, electrical systems and all other equipment used in taxicab service.
4. **Biennial registration renewal inspection.** As part of the registration renewal process, a taxicab needs to pass an inspection every two years by a repairer or limited repairer licensed and authorized by the Commissioner of Motor Vehicles (C.G.S. 13b-99(b)).

The mandated frequency of certain taxicab inspections has changed over time. For a period of time, taxicabs were required to be inspected every six months by DMV. *In 2003, however, the*

frequency of taxicab inspections changed from once every six months to every other year. Coinciding with the inspection frequency change, the inspection itself was changed from being done by DMV employees at a DMV inspection lane to being done by an independent garage licensed by the DMV Dealers and Repairers Unit (PA 03-3, June 30 Special Session).

Results of Vehicle Safety Inspections

Program review examined the actual implementation of the inspection provisions and analyzed the results to assess the effectiveness of the measures in achieving safety. None of the results of taxi vehicle inspections are recorded on an automated system at either DOT or DMV. Almost all the analyses presented in this section are based on available paper files.

Initial vehicle inspection results. The DMV Commercial Motor Vehicle Safety Division maintains some records on inspections occurring in their three inspection lanes located in Wethersfield, Enfield and Hamden. While many of the taxicab inspections are for newly registered vehicles, some inspections for re-registration may also be included in these figures.

The DMV vehicle inspection focuses on safety issues. The inspection includes a check of the front end alignment, lights, turn signals, windshield wipers, tires, and brakes. The DMV inspectors also check whether required equipment has been added, such as the taxicab dome and meter, which transform the vehicle into a taxicab. Lastly, the department checks the vehicle identification number (VIN) to make sure it matches the title.

According to the Commercial Motor Vehicle Safety Division, approximately 275 taxicabs were inspected in 2006 and approximately 326 taxicabs were inspected in 2007. Approximately 41 percent failed initial inspections in 2006 and a slightly lower percent (38 percent) failed in 2007.

If a taxicab fails the initial inspection, it undergoes re-inspection by DMV within 30 days. The re-inspection focuses on what was found to be out of compliance in the initial inspection. No statistics are kept on how many taxicabs fail re-inspection; however, the frequency is thought to be low.

Certificate holder self-inspection results. Although certificate holders have been required to conduct their own inspections and maintain records on these inspections for well before DOT became the agency with jurisdiction--and DOT amended the regulation in 2000 to expand the time frame the inspection records needed to be kept--*the DOT Regulatory and Compliance Unit reported it has never inspected certificate holder quarterly self-inspection records.*

Absent information about whether the certificate holders adhere to the regulation, PRI tried to assess the general safety based on other information. One source of information was the results of occasional ad hoc inspections conducted either by DOT alone or jointly by DOT and DMV, the third source of taxi inspections in Connecticut.

Occasional DOT requested inspection results. R.C.S.A. Sec. 13b-96-49(b) specifies that, at the request of the DOT commissioner or his/her employees and agents, the construction and equipment of any taxicab, including brakes, tires, lights, and steering, may be inspected at any time.

As noted in the briefing report, from 2003 to 2006, the DOT Regulatory and Compliance Unit performed fleet inspections of approximately 440 taxicab vehicles, with the following results:

- approximately 10 percent passed inspection;
- approximately 60 percent failed inspection due to non-critical, mechanical or cosmetic issues requiring repair within 30-45 days; and
- approximately 30 percent failed inspection due to major issues such as missing headlights, exposed sharp seat springs, and severely worn brakes, resulting in immediate removal of the vehicle from the taxicab fleet.

Regulatory and Compliance Unit 2005-2006 ad hoc taxi fleet inspection. DOT has not regularly used its authority to have occasional inspections conducted. The DOT Regulatory and Compliance Unit did, however, conduct some ad hoc taxicab vehicle fleet inspections approximately six months apart in 2005-2006. Table II-1 presents the results of DOT inspections on one company with approximately 25 taxicabs, and highlights some significant points:

- Almost all (96 percent) of this company's vehicles failed the first DOT inspection, meaning they could have failed for any of the areas listed in the table. This seems like a high rate if one assumes that these same vehicles were supposed to be inspected quarterly by the certificate holder. Six months later, the failure rate had dropped to 60 percent, still a high amount in that more than every other cab was deficient.
- While some of the overall failures might be based on cosmetic issues, 48 percent of this one company's vehicles were deemed in bad enough condition to be taken off the road as assessed by DOT at the first inspection—almost every other cab. Again, this seems like a high rate if one assumes that these same vehicles should have been inspected quarterly by the certificate holder. Six months later, 20 percent of the taxis still needed to be removed from the road based on the second DOT inspection.

| Table II-1. DOT Inspections of One Taxi Company Fleet Conducted Six Months Apart | | |
|---|-------------------------------|-------------------------------|
| Specific Area | Failure Rate at Time 1 | Failure Rate at Time 2 |
| Overall Failure Rate | 96% | 60% |
| Suspension | 52% | 12% |
| Service Brake | 16% | 8% |
| Parking Brake | 52% | 16% |
| Steering Components | 36% | 36% |
| Body Condition | 64% | 32% |
| Tires | 8% | 16% |
| Lights | 60% | 20% |
| Vehicle Taken Off Road | 48% | 20% |
| Source: DOT Regulatory and Compliance Unit taxicab vehicle inspections (2005-2006). | | |

These results indicate that either the required quarterly inspections (and needed maintenance) are not occurring, or the certificate holder is maintaining his fleet but the owner and DOT have very different inspection standards, or a combination of both factors. Regardless, these results raise concerns about taxicab maintenance and safety.

Joint DOT/DMV 2008 ad hoc unannounced inspections. More recently, a snapshot of the current condition of taxicabs was taken between August 18-20, 2008, when taxicab vehicles were inspected jointly by DMV and DOT inspectors at the Stamford Train Station, New Haven Train Station (Union Station) and Bradley International Airport, three of the busiest taxicab service locations in Connecticut. *Of the 43 vehicles inspected at the train stations and airport in August 2008, 41 failed the inspection (95 percent failure rate) including at least six vehicles towed from the inspection site* (See Appendix C for detailed information on the towed vehicles). Table II-2 shows some of the specific areas that caused taxicabs to fail the inspection. One-quarter of taxicabs had faulty steering components and one in five had unsafe tires. Almost half (49 percent) of the drivers/vehicles inspected resulted in at least one of 35 citations issued by the DMV inspector. Table II-3 shows the types of citations.

| Table II-2. Failure Rates in Specific Areas | |
|---|---------------------|
| Specific Area | Failure Rate |
| Suspension | 29% |
| Parking Brake | 29% |
| Steering Components | 24% |
| Restraint System | 22% |
| Tires | 20% |
| Meter | 11% |
| Source: Joint DMV and DOT taxicab vehicle inspections August 18-20, 2008. | |

This information also puts into question whether the public's expectation of taxicab vehicle safety is being met.

Biennial registration renewal inspection results. In addition to the frequency of inspections decreasing over the past few years, the party inspecting the vehicles shifted from DMV inspectors to independent garages. The independent garages (or "Dealers and Repairers") receive a license that is good for two years. As described in the briefing report, the taxicab company may use any of these licensed dealers and repairers provided they do not have a financial or business interest in the dealer and repairer doing the inspection.

The dealers and repairers inspect exactly the same equipment that was inspected initially by the DMV. The Dealers and Repairers Enforcement Unit is responsible for investigating all complaints related to dealers and repairers such as overcharges for repairs and misrepresentation of vehicles sold to customers, and has the authority to revoke a license when necessary. Nine investigators and three supervisors are responsible for handling approximately 4,000 complaints annually. Investigations may include an audit of records including a review of repair orders and

| Table II-3. Reason for Citations | |
|---|----------------------------|
| Citation Reason | Number of Citations |
| Motor Vehicle Related: | |
| Ineffective parking brake | 10 |
| Operating with unsafe tires | 5 |
| No rear plate or back up lights | 3 |
| Cracked windshield | 2 |
| Front 4 way flasher doesn't work | 2 |
| No brake lights | 1 |
| Unnecessary noise due to broken exhaust hanger | 1 |
| Operator Related: | |
| Operating a motor vehicle without the proper license and endorsement | 3 |
| Operating a taxi vehicle without the proper endorsement | 2 |
| Operating with an expired license | 1 |
| Operating a motor vehicle without corrective lenses | 1 |
| Operating a motor vehicle without a license | 1 |
| Operating an unregistered vehicle | 1 |
| Failure to carry registration | 1 |
| Failure to carry insurance card | 1 |
| Total | 35 |
| Source: Joint DMV and DOT taxicab vehicle inspections August 18-20, 2008. | |

invoices. The Unit manager reports that it is very rare, if ever, that a complaint is received related to a taxicab inspection.

Biennial inspection information from August 2008 ad hoc inspections. The DMV does not compile information regarding initial failure rates for biennial registration renewal inspections. Some information from the August 2008 ad hoc inspections was examined by year of most recent biennial registration renewal inspection. One would expect the 21 taxicabs inspected by the independent garages in March 2008 to have fewer mechanical problems than the 24 taxicabs inspected in March 2007. Table II-4 shows the failure rates for taxicabs inspected by independent garages in March 2007 and March 2008. *There do not appear to be fewer problems found for the more recently inspected taxicabs.*

Biennial inspection information from DMV paper registration renewal files. PRI staff compiled information from 355 inspections performed by independent garages during 2007 and 2008. Not all taxis were included in this sample due to the voluminous paper files provided by DMV; however, it is assumed the 355 inspections are representative of all such inspections.

| Table II-4. Failure Rates in Specific Areas for Taxicabs Inspected in 2007 vs. 2008 | | |
|--|---|---|
| Specific Area | Failure Rate for Cabs Last Inspected in 2007 | Failure Rate for Cabs Last Inspected in 2008 |
| Suspension | 29% | 37% |
| Parking Brake | 43% | 20% |
| Steering Components | 19% | 37% |
| Restraint System | 24% | 25% |
| Tires | 14% | 30% |
| Meter | 4% | 20% |
| Source: Joint DMV and DOT taxicab vehicle inspections August 18-20, 2008. | | |

Table II-5 shows the results of this paper file review of independent garage inspections required for the biennial registration renewal. The table contrasts the results of taxicab inspections performed by DMV inspectors (a combination of initial and re-inspections) with renewal inspections performed by independent (“private”) garages.

In comparison to the 38 percent failure rate for the 326 inspections that occurred at one of the three DMV inspection lanes in Wethersfield, Enfield or Hamden in 2007, *there was a lower failure rate of 21 percent for the 355 inspections that occurred at private garages during 2007 and 2008.* Additionally, some of the garages reported a 0 percent failure rate. This analysis also indicates that just 20 of the 6,000 independent garages are being used for taxi inspections. Note the high average vehicle mileage of the taxis, suggesting that wear and tear alone would lead to vehicle problems requiring necessary maintenance repairs.

Department of Transportation regulations (R.C.S.A. Sec. 13b-99-2(b)) prohibit these inspections to be performed by “...a person, firm, or corporation with an ownership interest in the inspected vehicle or by any person employed by a person, firm, or corporation with an ownership interest in the inspected vehicle.” Department of Motor Vehicle staff who re-register taxicab vehicles do not determine whether there has been a violation of this regulation. The Department of Transportation, the agency approving the certificate holders, is in a better position to determine violation of this regulation. As shown in Table II-5, it appears, for example, that Union Lyceum taxicabs are being inspected by a Union Lyceum facility in violation of this regulation.

| Table II-5. Results of Taxicab Vehicle Inspections in 2007-2008 ¹ | | | | | |
|---|-------------------------------------|---|-------------------------|--|--|
| Where Inspected | Number of Taxi Inspections Examined | Failure Rate for Initial Re-Inspections | Average Vehicle Mileage | Taxi Companies Using Location | |
| By DMV Inspector: | | | | | |
| In DMV Lane (2007) ² | 326 | 38% | missing | | |
| | | | | | |
| By Private Garage: | | | | | |
| Cromwell Automotive | 2 | 100% | 215,171 | Executive Cab, Bill's Taxi | |
| Dadio's Garage (Hamden) | 3 | 67% | 428,064 | Lucy's Taxi, Metro Taxi | |
| United Auto Service (Bloomfield) | 53 | 57% | 216,570 | The Yellow Cab Company of Hartford | |
| Marc Service Center (Stamford) | 65 | 31% | 291,563 | Eveready Stamford, Greenwich Taxi | |
| Union Lyceum Taxi Co, Inc (Waterford) | 11 | 27% | 193,127 | Union Lyceum Taxi, Greenwich Taxi | |
| Price Service Center (Norwalk) | 19 | 21% | 211,848 | Westport Star Taxi | |
| Rallye Tire and Auto Repair Service (Norwalk) | 17 | 18% | 323,950 | Norwalk Taxi | |
| Farm Car Care Center | 23 | 13% | 200,703 | Ace Taxi | |
| Solis Garage (West Haven) | 39 | 13% | 204,721 | Metro Taxi | |
| Bunnells Auto Body (Uncasville) | 28 | 11% | 275,282 | Norwich Taxi | |
| Advantage Automotive (West Hartford) | 11 | 9% | 138,558 | Grigory's Taxi, Arrow Cab, Leo's Taxi, Ace Taxi, A-1 Taxi, Enfield Taxi, Carl's Taxi | |
| Central Brake and Wheel Alignment (Bridgeport) | 39 | 0% | 216,450 | Casino Cab Co | |
| Pennacchio Auto Clinic (Stamford) | 27 | 0% | 255,318 | Eveready of Stamford, New Canaan, Darien, Greenwich, and Norwalk | |
| Baddgett and Sons Auto Sales (New London) | 9 | 0% | 216,053 | Yellow Cab of New London and Groton, Union-Lyceum Taxi | |
| Branford Firestone | 3 | 0% | 141,932 | Heritage Taxi | |
| Bill's Service Station (Torrington) | 1 | 0% | missing | Torrington City Cab | |
| Lada Motors (Newington) | 2 | 0% | missing | Norbert Taxi, Bradley Taxi | |
| Montambault's Auto Supply and Service Center (Waterbury) | 1 | 0% | missing | Yellow Cab of New London and Groton | |
| T.E.A.M. Auto Center (Hamden) | 1 | 0% | 147,135 | Connecticut Taxi | |
| Wesconn Auto (Danbury) | 1 | 0% | 185,410 | Maffei Taxi | |
| ¹ Source of information: DMV Bureau of Registry and Licensing paper records from 2007 and 2008. | | | | | |
| ² Inspected because vehicle being put into service as a new taxicab or due to a sale and transfer. | | | | | |

Frequency of Taxicab Inspection in Other States

All of the comparison states were found to inspect taxicabs at least once a year, and many twice a year (see Table II-6).

| Table II-6. Frequency of Taxicab Inspections in Comparison States | | |
|--|---------------------|---|
| State | Frequency | Who Inspects |
| Statewide Taxicab Regulation | | |
| Rhode Island | Twice a year | Once by Division of Public Utilities and Carriers; once by Department of Motor Vehicles |
| Delaware | Twice a year | DMV inspection lanes |
| Pennsylvania | Twice a year | Independent garages approved by DOT; also Public Utilities Bureau Inspectors |
| West Virginia | Once a year | Inspectors in the Motor Carrier Section of Transportation Division of Public Service Commission |
| Kentucky | Once a year | Independent garages |
| Colorado | Annual Random Check | Public Utilities Commission investigators |
| Montana | | Public Services Commission not involved in this aspect of taxicab regulation |
| Nebraska | Once a year | Public Service Commission investigators |
| New Mexico | Twice a year | Investigators under the Public Regulation Commission; also certified mechanic |
| Other Comparison Jurisdictions | | |
| Massachusetts (Springfield) | Once a year | Police Department |
| Massachusetts (Boston) | Twice a year | Fall and Spring by the Police Department |
| Vermont (Burlington) | Once a year | Independent garages approved by DMV |
| Maine (Portland) | Twice a year | State vehicle inspection; City Transportation Department |
| New Hampshire (Manchester) | Twice a year | Once by Department of Safety and local police; once in the annually required state inspection at registered inspection stations |
| New York City | Three times a year | At Taxi and Limousine Commission Facility |
| New Jersey (Newark) | Twice a year | Inspectors in the Newark Municipal Council Division of Taxicabs |
| Maryland (Baltimore) | Twice a year | Once by Public Service Commission; once by state of Maryland through private garages |
| Source: Telephone survey of regulators in other states. | | |

Further, the Taxicab, Limousine & Paratransit Association published recommended standards for metropolitan areas with populations greater than one million. Among the recommendations for vehicle inspections and age limits, TLPA recommends annual vehicle inspections for taxicabs less than four model years old, and twice a year for older vehicles (TLPA October 9, 2007).

Comparison of Results from the Various Types of Inspections

PRI was able to compare multiple inspection outcomes for some taxicab companies. Table II-7, for example, shows a 0 percent failure rate for Casino Cab Company taxicabs when inspected by Central Brake and Wheel Alignment (a private garage), but a 72 percent failure rate when inspected by a DOT investigator. Similarly, Yellow Cab Company of New London and Groton, Groton Cab Co, and Waterbury Yellow Cab, all owned by the same corporation, had failure rates that ranged from 13 percent when inspected by independent garages, to 100 percent when inspected jointly by the DMV/DOT in August 2008. The single cab companies showed a similar pattern of higher failure rate during the joint inspection when contrasted with the failure rates for inspections by independent garages.

| Table II-7. Failure Rate of Taxi Inspections by Multiple Sources | | | |
|--|--|--|--|
| Taxi Company Inspected | Failure Rate for Initial Re-Inspections by Independent Garage | Failure Rate by DOT Inspector | Failure Rate by Aug 08 DMV/DOT Inspection |
| Yellow Cab Co of New London and Groton, Groton Cab Co, Waterbury Yellow Cab (one owner) (certificates #68, 107, 493) | 13% (n=15) Montambault's Auto Supply and Service Center (Waterbury) Baddgett and Sons Auto Sales (New London), Union Lyceum Taxi Co, Inc (Waterford) | 61% (n=41) DOT Investigator Mar-May 2005 | 100% (n=4) |
| Single cab companies | 0% (n=6) Advantage Automotive (West Hartford), Bill's Service Station (Torrington), Lada Motors (Newington) | n/a | 78% (n=9) |
| Casino Cab Co (certificate #225) serving Bridgeport, Stratford | 0% (n=39) Central Brake and Wheel Alignment (Bridgeport) | 72% (n=46) DOT Investigator May 2005 (39% steering problems) | n/a |
| Greenwich Taxi (certificate #93) | 23% (n=43) Marc Service Center (Stamford) | 92% (n=53) DOT Investigator Sep-Oct 2004 | n/a |
| Eveready Darien | 0% (n=10) Pennacchio Auto Clinic (Stamford) | 78% (n=9) DOT Investigator Aug 2005 | n/a |
| Norwich Taxi (certificate #644) | 11% (n=28) Bunnells Auto Body (Uncasville) | 61% (n=33) DOT Investigator May-Jun 2006 | n/a |
| Source: DOT Inspection Reports; Joint DMV/DOT Inspections August 2008, and Re-Inspection Results from Independent Garages. | | | |

Unannounced, random inspections provide additional oversight to the regulation of taxicab vehicle safety. *During 2004-2007, there were no unannounced, joint DMV/DOT inspections conducted.* The committee believes the inspections should resume. R.C.S.A. Sec. 13b-99-6 refers to unscheduled inspections and specification that the DMV commissioner may, at his discretion, require and conduct an inspection of a taxicab, without charge, at any time during normal business hours. However, there is no minimum required frequency of such inspections.

Recommendations to Improve Inspection Process

As just described, *while there are a number of statutory and regulatory provisions that appear to promote taxicab vehicle safety, the PRI analysis of actual inspection-related information raises concerns about the effectiveness of these provisions:*

- *DOT has no program on a consistent basis to monitor whether the certificate holder requirements are being followed.* When ad hoc DOT or DOT/DMV inspections are conducted of taxicab vehicles, the results raise questions about the adequacy of taxicab maintenance. Maintaining safe, clean and sanitary cabs is one of the mandates taxi certificate owners agree to in exchange for the privilege of being granted some of the limited authority to operate taxi service in Connecticut.
- *The more recently inspected March 2008 vehicles had just as many mechanical problems as taxicabs inspected in March 2007, suggesting the independent garages may not be thoroughly inspecting the vehicles, or that two years is too long a time between inspections.* More oversight is needed to ensure integrity of the inspection and repair process for taxicab vehicles.
- *None of the comparison states wait so long between taxicab vehicle inspections. Additionally, the TLPA recommends the standard for taxicab vehicle inspection be one to two times a year depending on the vehicle age.*

Based on these findings, **the program review committee recommends the following changes related to taxi vehicle inspections:**

Re: certificate holder self-inspections:

- **DOT regulations shall be revised to require written records of quarterly certificate holder self-inspections to be submitted to the Department of Transportation within 30 days of inspection. DOT shall review the quarterly self-inspection records to determine if the inspections are occurring and take appropriate steps to address any missing inspections.**
- **DOT regulations shall be revised to require the Department of Transportation to verify that documented repairs were actually made by inspecting a random sample of the vehicles and comparing the results with the quarterly written records.**

Re: occasional DOT requested inspections:

- **DOT regulations shall be amended to require unannounced inspections to occur quarterly, at least four times per year. Some of the inspections shall be joint inspections with DMV inspectors.**

Re: biennial registration renewal inspections:

- **C.G.S. Sec. 13b-99(b) shall be revised to require all taxicabs to be inspected annually by dealers and repairers.**
- **The certificate holders shall send the paperwork documenting the inspections by the independent garages to the Department of Transportation within 30 days of inspection. The DOT shall review the paperwork for timeliness and completeness, following up with certificate holders for whom the requisite paperwork is missing or incomplete. The DOT shall also calculate pass/fail rates for garages.**
- **The Department of Transportation should work with the Department of Motor Vehicles to have independent garages with unusually low failure rates investigated.**
- **In its review of inspection documentation, the Department of Transportation should confirm there is no ownership conflict with the independent garage used by the certificate holder.**

Driver Qualifications

Regulations specify the qualifications of taxicab drivers. Taxicab drivers need to be able to effectively communicate with passengers and follow record keeping requirements, be dressed and groomed appropriately, have maps and familiarity with the service area and Connecticut, and load and unload luggage and wheelchairs upon request. Additionally, taxicab drivers are required to turn heat and air conditioning on and off as requested by the passenger. Drivers are required to have a license with a public passenger endorsement. Initial qualification for the public passenger endorsement includes passage of a criminal background check.

Taxicab driver initial qualification. Regulations also specify the qualifications of taxicab drivers, including the applicant passing a thorough criminal background check at the state and federal level. As seen in Table II-8, *Connecticut has a more stringent criminal background check for drivers than many other states.*

| Table II-8. Background Checks Required of Taxicab Driver Applicants in Other States | | |
|--|--|--------------------------------------|
| State | State Criminal Background Check | FBI Criminal Background Check |
| Statewide Taxicab Regulation | | |
| Rhode Island | Yes | No |
| Delaware | Yes | Yes |
| Pennsylvania | Yes | No |
| West Virginia | No | No |
| Kentucky | No | No |
| Colorado | Yes | Yes |
| Montana | No | No |
| Nebraska | No | No |
| Other Comparison Jurisdictions | | |
| Massachusetts (Springfield) | Yes | No |
| | | |
| New York City | Yes | No |
| Source: Interviews with regulators in comparison states. | | |

This stringency often leads to an increase in the time necessary to process applications to become taxicab drivers. According to the DMV Bureau of License/Registration Management, the average processing time for all endorsements is about 1-2 months. Few are actually denied endorsement. Of the 2,869 applicants for the “F” endorsement in 2007, the number of applicants who were denied “F” endorsements was estimated to be 8 percent (exact figures are not available due to the combined reporting of approvals/denials for all four endorsement type applications and the snapshot reporting of information).

Review of continued taxicab driver qualification. While livery regulations specifically require each permit holder to ascertain that each driver in his or her employment holds a public service operator’s license (R.C.S.A. Sec. 16-325-6), the taxicab regulations require each certificate holder, at least once every 12 months, to review the driving record of each driver to determine whether that driver is qualified to drive a taxicab (R.C.S.A Sec. 13b-96-28(c)).

There is support for requiring certificate holders to review driver qualifications more than once a year. For example, during the August 18-20, 2008, joint inspection by DMV and DOT inspectors at the Stamford Train Station, New Haven Train Station (Union Station) and Bradley International Airport, there were several irregularities found regarding driver qualifications:

- 7 of the 43 taxicab drivers (16 percent) did not have the proper licensing to drive a taxicab
 - 1 had no license at all
 - 1 had an expired Connecticut driver’s license
 - 2 had out-of-state driver’s licenses (with no taxicab endorsement)
 - 3 additional drivers had no endorsements on their licenses permitting them to drive taxicabs

P.A. 06-130 amended C.G.S. Sec. 14-44 by adding the DMV Commissioner's notification of school boards and providers of public transportation of drivers whose licenses or endorsements have been withdrawn, suspended or revoked. There is currently an automated website that is accessible to taxicab companies where certificate holders can check to see if any of their drivers have had an endorsement withdrawn or license suspended. Prior to this automated system that was implemented about one year ago, DMV used to send out a monthly mailing to certificate holders with this same information. The public has an expectation that the taxicab driver is qualified to drive the vehicle. **Therefore, the committee recommends:**

The regulations shall be amended to require each certificate holder at least once a month to review the automated DMV license suspension/endorsement withdrawal database to determine whether its drivers continue to be qualified to drive taxicabs. The DOT shall perform this function for single vehicle certificate holders.

In order to access the automated DMV license suspension/endorsement database, a computer with internet capability is required. Access to an automated system would also allow certificate holders to download forms from the DOT and DMV websites, lodge complaints, and provide documentation of any email correspondence between the DOT and certificate holder. While many of the larger taxicab companies already have this capability, it should be a requirement for all certificate holders. **Therefore, the program review committee recommends:**

All certificate holders should be required by the DOT Regulatory and Compliance Unit to have access to a computer with internet capability, including the ability to access the automated DMV license suspension/endorsement withdrawal database.

Driver employment classification. Drivers and others have singled out the high lease fees paid by the drivers to certificate holders as both a hardship for drivers and a contributing factor to poor vehicle maintenance and adherence to limitations on operator driving hours. Some taxi drivers would like to own their own companies, thereby avoiding payment of high lease fees. Other taxicab drivers interviewed prefer to be independent contractors. They like the flexibility to make their own hours. Further, it was widely reported that most taxicab drivers acting as independent contractors do not pay income taxes. Regardless, as long as there are drivers willing to pay these lease fees, the current situation will continue.

While some drivers would like to own their own taxicab companies, others raise questions about the current status of most taxicab drivers as independent contractors versus the status of employee. The employment status of taxi drivers was explored through interviews, review of court decisions, and recent legislative changes. As was discussed in the briefing report, PRI is aware of at least two decisions made in regard to collective bargaining rights in the last 10 years involving two different Connecticut taxicab companies--in one case, the taxi drivers were deemed employees while in the other case, they were found to be independent contractors.

After this study was approved by the committee, P.A. 08-156 was enacted establishing a joint enforcement commission on employee misclassification, consisting of the Labor Commissioner, the Commissioner of Revenue Services, the chairperson of the Workers' Compensation Commission, the Attorney General and the Chief State's Attorney, or their designees. They are charged with reviewing the problem of employee misclassification, which often involves an employer treating employees as independent contractors in order to avoid state and federal labor, employment, and tax law obligations, such as paying workers' compensation insurance premiums and unemployment taxes. *The Employment Misclassification Enforcement Commission would be an appropriate avenue for addressing the concerns about the employment status of taxi drivers.* **Therefore, the committee recommends:**

The Employment Misclassification Enforcement Commission should consider the status of taxicab drivers.

Role of Certificate Holders in Taxi Safety

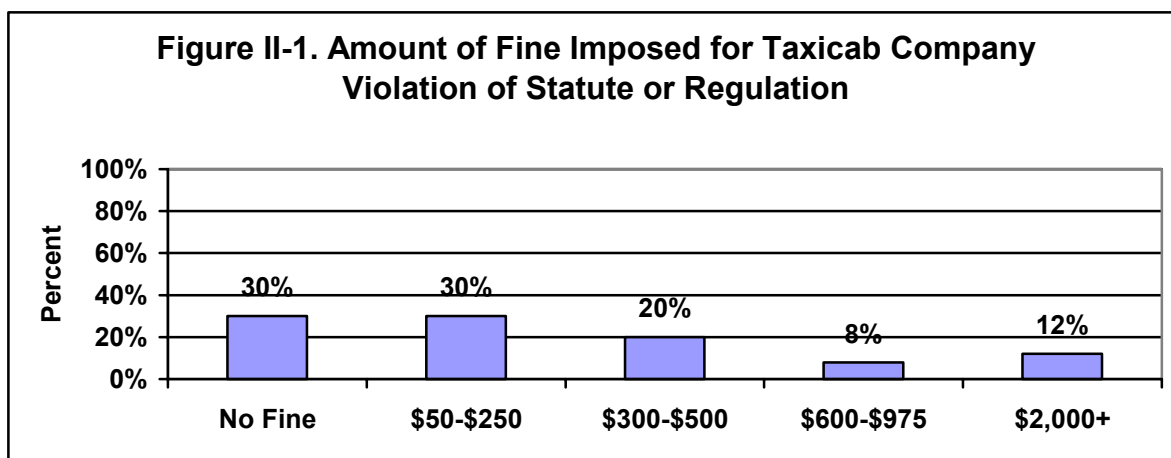
Taxicab company owner qualifications. Not only must taxi drivers pass stringent criminal background checks, regulations specify that taxicab company owners also pass a thorough criminal state and federal background check. As seen in Table II-9, Connecticut has a more stringent criminal background check for potential certificate holders than many other states.

| Table II-9. Background Checks Required of Taxi Company Applicants in Other States | | |
|--|--|--------------------------------------|
| State | State Criminal Background Check | FBI Criminal Background Check |
| Statewide Taxicab Regulation | | |
| Rhode Island | Yes | No |
| Delaware | Yes | No |
| Pennsylvania | No | No |
| West Virginia | No | No |
| Kentucky | No | No |
| Colorado | No | No |
| Montana | No | No |
| Nebraska | Yes | No |
| New Mexico | No | No |
| Other Comparison Jurisdictions | | |
| Massachusetts (Springfield) | No | No |
| Massachusetts (Boston) | Yes | No |
| Vermont (Burlington) | Yes | No |
| Maine (Portland) | Yes | No |
| New Hampshire (Manchester) | Yes | No |
| New York City | Yes | No |
| New Jersey (Newark) | Yes | No |
| Maryland (Baltimore) | Yes | Yes |
| Source: Interviews with regulators in comparison states. | | |

Overall taxicab owner responsibilities. Taxicab companies are often likened to leasing companies because certificate holders collect their lease fees from drivers regardless of actual taxi service provided. PRI has been told that weekly fees paid by drivers range from \$250 to \$930 (\$13,000 to \$48,360 on an annual basis (52 weeks)). Note that an analysis of the relationship between driver incomes and taxi crashes in New York City found higher driver incomes were strongly related to lower crash rates.⁷

However, *certificate holders are more than leasing companies*—if that were the case, it would be significantly less expensive for these drivers to lease their vehicles from a car rental company. Beyond collecting their lease fees, certificate holders are responsible for adhering to the taxicab statutes and regulations.

Resulting fines for failure to adhere to statutes and regulations. *Currently, the consequences for failure to adhere to taxi statutes and regulations are minimal.* For example, Figure II-1 shows the typical fine imposed for citation violations during 1998-2007. Most of the fines (80 percent) were \$500 or less. These modest fines do not act as a deterrent to future statutory and regulatory violations. Also, revocation of a certificate as an outcome of a citation hearing occurred fairly infrequently, just six out of 50 times (12 percent) during the ten-year period.



The consequences for not adhering to the taxicab statutes and regulations need to be strengthened in several ways. The DOT may currently impose a maximum \$100 daily civil penalty (per violation) on any person, association officer, limited liability corporation, or corporation who violates any taxi law or regulation relating to fares, service, operations, or equipment (C.G.S. Sec. 13b-97(c)). However, as seen in Figure II-1, the current fines imposed for taxicab company violations are negligible. Additionally, the corresponding civil penalty for livery law violations was increased to a maximum of \$1,000 per day per violation in 2000 (P.A. 00-148).

⁷ “Higher Pay, Safer Cabbies: An Analysis of the Relationship Between Driver Incomes and Taxi Crashes in New York City”, prepared by Schaller Consulting, January 2004.

The taxi and livery law violations should be the same as it is no more serious to violate a livery law than it is to violate a taxi law. This lack of parity was most recently recognized as an area needing to be amended during the 2008 legislative session in sHB-5746 (An Act Concerning the Department of Transportation), which proposed increasing the maximum civil penalty per violation from \$100 to \$1,000 per day. **Therefore, the program review committee recommends:**

C.G.S. Sec. 13b-97(c) shall be amended to allow the Department of Transportation to impose a maximum civil penalty on any person, association officer, limited liability corporation, or corporation who violates any taxi law or regulation relating to fares, service, operations, or equipment of \$1,000 per day per violation.

Other consequences for failure to adhere to statutes and regulations. There are currently several consequences for not adhering to the taxi statutes and regulations, ranging from fines, probation, and suspension to certificate revocation. DOT regulators may have need for additional disciplinary measures they can take to “police” the industry. These could be strengthened by temporary loss of privileges otherwise given to a certificate holder in good standing. For example, certificate holders not in good standing could be banned from filing applications with the DOT to expand their territories or add vehicles to their fleets. Therefore, to strengthen the consequences for violations of taxicab statutes and regulations, **the committee recommends:**

Any certificate holder found to have violated a taxicab statute or regulation shall be prohibited from submitting any future applications to the DOT Regulatory and Compliance Unit for a period of 12 months from the date of the administrative hearing decision.

Annual regulatory fee. *Certificate holders currently pay no annual fee to the DOT.* There are approximately 963 taxicabs allocated to approximately 103 certificate holders. Enforcement of regulations by the DOT can be costly. If each certificate holder paid \$400 per year for each taxicab on their certificate, approximately \$385,200 would be generated annually for the transportation fund to cover costs for additional resources for the regulation of the taxicab industry. **Therefore, the program review committee recommends:**

The taxicab certificate holders pay an annual fee to the DOT of \$400 per vehicle to cover the cost of enforcement of safety and other taxicab regulations.

Self-Insurance

Another responsibility of certificate holders is insurance coverage for taxicabs. The insurance required for Connecticut taxicabs is a combined single liability limit of \$100,000. This coverage includes bodily injury liability for passengers and also property damage.

C.G.S. Sec. 14-29(a) allows taxicab and livery vehicle companies to be self-insured. There are currently two taxicab companies in Connecticut who have been issued a certificate of financial responsibility by the DOT, allowing the companies to be self-insured.

Self-insurance requirements. The certificate of financial responsibility requires the self-insured company to maintain sufficient funds to cover personal injury and property damage for claims of up to \$50,000 (Claims above \$50,000 to \$1 million are covered by a commercial insurance policy).

The two self-insured companies must each maintain a bank account entitled “Irrevocable Fund” that must have a minimum balance of \$250,000-\$300,000, depending on the particular company. Funds in this account are set aside as a reserve for payment of personal injury damage or property damage claims that the company is obligated to pay. A separate bank account entitled, “Claims Settlement Fund” is also required to have a minimum balance of \$50,000-\$80,000, depending on the particular company. This fund is drawn upon to settle claims.

With per taxicab vehicle insurance typically costing \$7,000-\$8,000 annually, self-insurance provides a significant savings to the companies. The Regulatory and Compliance Unit, however, has the added burden of monitoring the companies to be certain that sufficient funds are in the accounts and payment of claims has been made. The certificate of financial responsibility requires the taxicab companies to submit quarterly and annual statements showing proof of sufficient funds. The companies are also required to submit quarterly accident claims reports no later than 15 days from the last day of the quarter, showing a log of each accident, claim cost, and status of both.

Self-insurance analysis. As seen in Table II-10, *one of the two companies had not submitted any of the required self-insurance reports* as of November 7, 2008. The November 6, 2006 final decision granting approval and issuance of a certificate of financial responsibility states the following sanctions: “Failure of the petitioner to meet any of the requirements herein set forth shall be cause for one or all of the following: (a) suspension or revocation of the Certificate of Financial Responsibility; (b) suspension or revocation of the petitioners’ taxicab certificates, or any vehicles operated thereunder; (c) and/or imposition of a civil penalty in accordance with Connecticut General Statutes Section 13b-97(c).”

It has been a challenge for the Regulatory and Compliance Unit to monitor the self-insurance requirements. A previous hearing (Docket# 0402-C-05-T) that led to the loss of self-insurance for one of the companies, noted that DOT was not diligent in monitoring and enforcing the requirements of the certificate of financial responsibility. *The Regulatory and Compliance Unit continues to be unable to meet the monitoring requirements of the self-insurance certificate of financial responsibility. Therefore, the committee recommends:*

C.G.S. Sec. 14-29(a)(2) shall be amended to discontinue the Department of Transportation practice of allowing self-insurance of taxicabs.

| Table II-10. Most Recent Required Document from Self-Insured Taxicab Companies^a | | | |
|---|---|------------------------------------|---|
| Company | Quarterly Internal Balance Sheet Report | Annual Balance Sheet Review | Quarterly Accident Claims Report |
| Company A (first self-insured 4/6/01; lost in 2004 ^b ; reinstated 4/15/05) | Third Quarter 2008 | 2006 | Second Quarter 2007 (missing claim cost info) |
| Company B (self-insured as of 11/6/06) | Never Submitted (monthly bank statements show company significantly below required fund levels; have applied for loan) | Never Submitted | Never Submitted |
| ^a Received as of November 7, 2008 by the Regulatory and Compliance Unit Utilities Examiner. ^b Citation hearing found Company A failed to adequately fund self-insurance account, and DOT was not diligent in monitoring and enforcing interim decision order (8/24/04 decision Docket #: 0402-C-05-T). | | | |

Child Safety Car Seats

Another responsibility of taxicab certificate holders is to supply a child restraint system for certain passengers that fall below certain age and weight limitations (C.G.S. Sec. 14-100a). According to the 2006 Taxicab Task Force Report, “In order for taxis to comply with the law, they essentially need six different kinds of car-seats to be available.” This appears to be an instance where a well-intentioned regulation is nearly impossible to adhere to and few, if any, taxis are being cited for breaking this rule.

Child safety car seat use in other states. Table II-11 shows taxis were required to provide car seats upon request in just four of the 17 comparison states and cities (25 percent). Seven states or cities outright (41 percent) exempted taxis and three states required parents to provide the car seats.

Other modes of public transportation such as buses and trains do not require car seats. *Room in the taxicab trunk for passenger luggage and six car seats is a near impossibility.* Consequently, Connecticut taxicab companies are unable to adhere to this statute. Further, *many other states exempt taxicabs from their state child safety car-seat laws.* **Therefore, the program review committee recommends:**

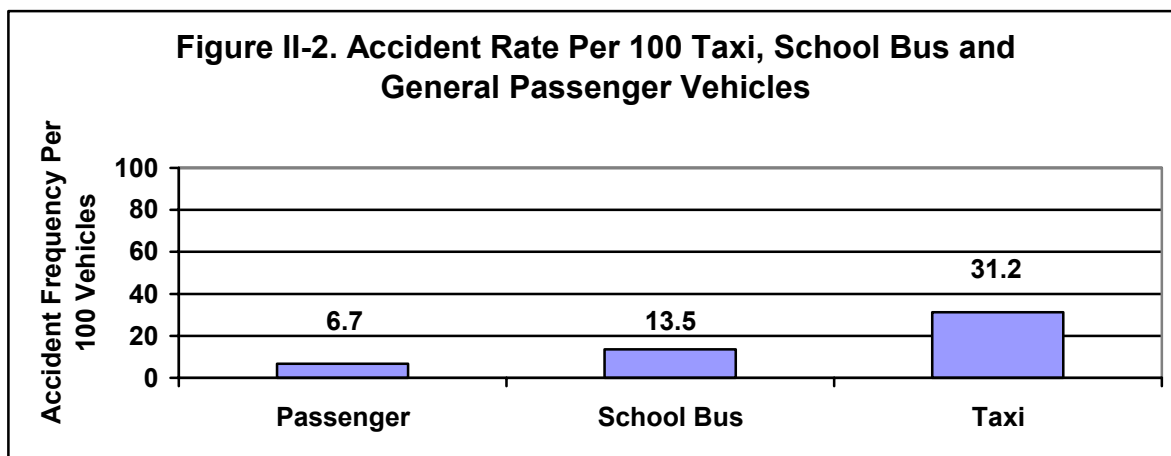
C.G.S. Sec. 14-100a shall be amended to exempt taxicabs from the state child safety car-seat law.

| Table II-11. Child Safety Car Seat Regulations in Comparison States | |
|--|---|
| State | Child Safety Car Seat Regulation |
| Statewide Taxicab Regulation | |
| Rhode Island | Parents provide |
| Delaware | Not exempt/required upon request |
| Pennsylvania | Not exempt/required upon request |
| West Virginia | Parents provide |
| Kentucky | Unknown or not addressed |
| Colorado | Exempt |
| Montana | Unknown or not addressed |
| Nebraska | Unknown or not addressed |
| New Mexico | Not exempt |
| Other Comparison Jurisdictions | |
| Massachusetts (Springfield) | Exempt |
| Massachusetts (Boston) | Exempt |
| Vermont (Burlington) | Exempt |
| Maine (Portland) | Parents provide |
| New Hampshire (Manchester) | Exempt |
| New York (New York City) | Exempt, parents encouraged to provide |
| New Jersey (Newark) | Not Exempt |
| Maryland (Baltimore) | Exempt |
| Source: Interviews with regulators in comparison states. | |

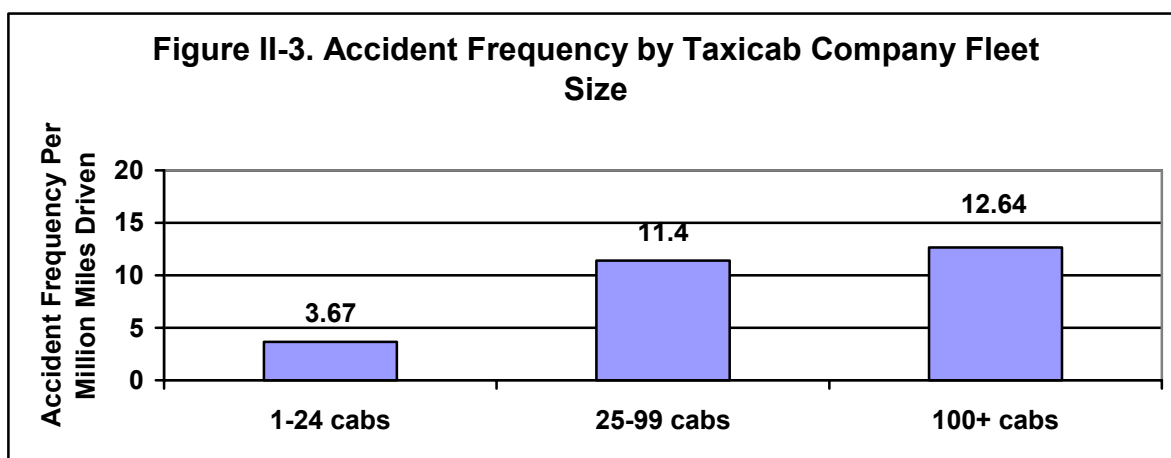
Taxicab Accident Rates

Accident data on Connecticut taxicabs is limited and what is available difficult to interpret. Some accident data was provided to PRI by Stone Insurance Agency, the largest insurer of taxicabs in Connecticut. Because the information gave the annual number of accidents but not the annual number of taxicabs insured, it is impossible to tell if accidents were fewer in years when fewer taxicabs were insured. With that caveat in mind, Stone Insurance Agency reported a range of 240 to 1,148 taxicab accidents annually during 2000-2005. An analysis of the accidents where this information was known showed: 47 percent involved a taxi hitting another vehicle, 47 percent another vehicle hitting a taxi, and 6 percent involved a taxi hitting a non-vehicular object. However, the role the vehicle condition may have played in the accident is unknown.

Combining 2007 DMV estimated vehicle registration information with DOT estimated accident information (which is missing for the approximately 15 percent of municipalities who do not submit the information to DOT), Figure II-2 shows *the Connecticut taxi accident rate* (301 accidents per 963 taxis) *is twice as high as the school bus accident rate* (904 per 6,703 school buses), *and more than quadruple the passenger vehicle rate* (165,796 accidents per 2,471,414 general passenger vehicles).



National information on frequency of taxi accidents per million miles driven was recently published in the 2008 Taxicab, Limousine & Paratransit Association Taxicab Fact Book: Statistics on the U.S. Taxicab Industry. Overall, Figure II-3 shows a higher incidence of accidents as the size of the fleet increases.



Case Illustrating the Importance of Certificate Holder Safety Responsibilities

According to an internal memorandum dated November 30, 2005 from a previous manager of the Regulatory and Compliance Unit to the Transit Administrator, a statewide inspection of the entire taxicab industry was instituted by DOT in July 2005 as a result of numerous complaints, the lack of yearly inspections and the recent death of a taxi driver allegedly due to faulty brakes.

Thankfully a rare situation, the recent death referred to in the memorandum is a case that is useful in highlighting the importance of certificate holder safety responsibilities and the consequences when this serious responsibility is not given full attention. Table II-12 outlines the incidents leading up to the fatal taxicab accident. Note the certificate holder continued to permit the driver to operate one of his taxicabs following the April 24, 2004 incident. Further, notification of suspension of the operator's drivers license occurred prior to implementation of the current

automated system. Lastly, the apparent poor condition of the vehicle that also contributed to the fatal accident most likely would have been discovered and repaired had the certificate holder diligently conducted the required quarterly self-inspections.

| Table II-12. Case Example Demonstrating Deficiencies in Taxicab Regulation | | |
|---|---|---|
| Date | Incident | Deficiency |
| 4/22/04 | <ul style="list-style-type: none"> • Taxi driver traveling approximately 100-110 mph with passenger in rear seat • Driver had consumed pint of rum and arrested for DUI • Driver had valid operator's license • Cab company was advised of the situation, and was en route to pick up the vehicle | Driver not terminated by cab company |
| 5/22/04 | Subsequent DMV administrative hearing resulted in taxi driver's license being suspended as a result of failed chemical alcohol test and not available for restoration until 9/19/04 | Driver apparently did not report suspension of driver's license to taxi company owner |
| 6/30/04 | <ul style="list-style-type: none"> • Same taxi driver traveling approximately 91 mph with passenger in vehicle • Driver killed and passenger severely injured • Toxicology report found driver to have been DUI | Driver's name appeared on a DMV list sent to company owner, which apparently arrived after the accident |
| | <ul style="list-style-type: none"> • Upon inspection, rear brake pads on the left and right side were extremely worn with metal coming into contact with the rotor • Further inspection revealed lug nuts not securely tightened • Both defects contributed to loss of vehicle control | Taxicab vehicle unsafe |
| 02/07 | Hearing paperwork prepared by DOT Regulatory and Compliance Unit for citation hearing against cab company | Lengthy delay in preparing paperwork |
| 12/08? | DOT Administrative Law Unit schedules citation hearing | Lengthy delay in scheduling citation hearing |
| Source: Police accident reports and DOT. | | |

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Section III

TAXI SERVICE AND RATES OF FARE

This section analyzes various aspects of taxi service including distribution of service across Connecticut towns and cities and the handling of complaints and citations against taxicab companies. An analysis of rate-setting is also provided including the rate application process and the feasibility of the current meter rate structure.

Service

Authorized territories. Certificate holders currently are assigned a certain number of taxicabs to operate at any one time in a particular town or city in their territory. For example, a taxicab company with 5 vehicles might be authorized to operate 3 vehicles in town A, 1 vehicle in town B, and 2 vehicles in towns C and D. While public convenience and necessity dictated such a breakout, in reality, the DOT Regulatory and Compliance Unit cannot enforce this assignment of vehicles, nor can companies provide good service to customers.

In a decision granted in 1998 (Docket 9803-AM-05-T), the DOT Administrative Law Unit hearing officer ruled that combining a certificate holder's 13 cabs in Westport and Weston, with the 3 cabs in Wilton would have the following advantages:

- the waiting time for patrons/general public will be decreased if the territories are combined;
- the public convenience and necessity requires the territories be combined; and
- more cabs will be available to reach the farthest most areas of the territories.

Therefore, to improve service to the public and eliminate an unenforceable assignment of vehicles, **the program review committee recommends:**

For any taxicab certificate authorized to operate up to 15 taxicabs, the certificate shall provide that all authorized vehicles may operate in all towns and cities noted on the certificate.

Approximately 70 percent of current certificate holders have no more than 15 taxicabs. This restriction will help prevent the largest companies from driving smaller companies out of business (by flooding particular towns) and allow smaller companies the flexibility to better serve their territories.

Limitation on Bradley International Airport Taxicab Service. There are currently 174 taxicabs authorized to pick up passengers from the queue line at Bradley International Airport. Any taxicab may apply for a badge to pick up passengers at the airport. There are many taxis available at the airport, with drivers waiting up to four hours for a fare. During the time they are waiting in Windsor Locks at the airport, they are not readily available to serve customers in their assigned

territories. The airport is attractive to drivers because the fares are larger, and many of the drivers interviewed reported new taxicab companies often stay at the airport rather than serving their designated territories. For new taxicab companies to best serve the public in their authorized territories, airport badges should not be available to new companies for at least one year. Airport officials believe this one-year restriction will also allow new companies to learn the roads and gain experience and better skills, ultimately improving taxicab service at the airport. This will also allow a new company to establish clientele in their assigned territory. Therefore, to improve service to the public, **the committee recommends:**

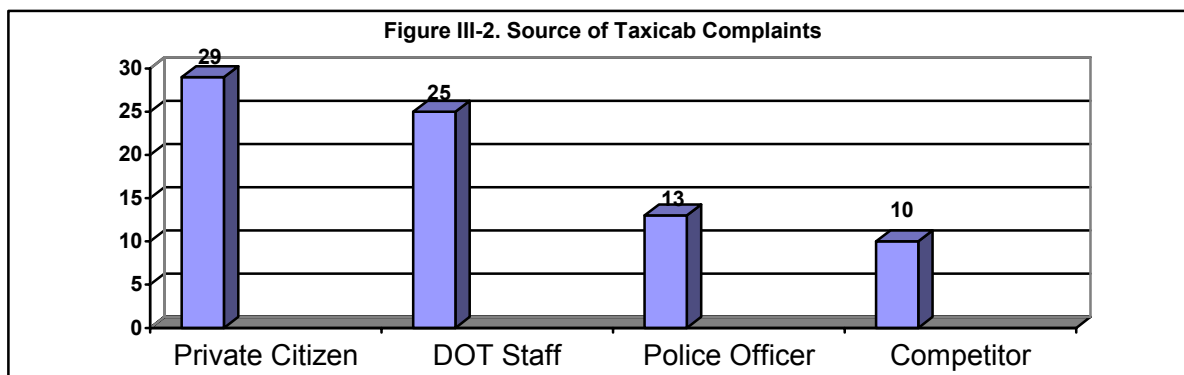
A new taxicab company shall operate for at least one year before requesting authorization to operate at Bradley International Airport.

Lack of taxi service in some areas. As described in the briefing report, the availability of taxicabs varies across towns. Figure III-1 shows the number of taxicabs across the state. *There are a number of towns with no taxi service at all, and a case of public convenience and necessity could easily be made for areas with no service at all.* The DOT bureau with oversight of public transportation should consider inviting applications for new service in underserved areas where there is currently a strong case for public convenience and necessity. **Therefore, the program review committee recommends:**

The DOT should consider inviting applications for new service in underserved areas.

Handling of complaints. A complaint logbook is maintained by the DOT Regulatory and Compliance Unit. During 2005-2007, there were 77 taxi complaints investigated, with an increasing number recorded in the logbook in each of the three years (13 complaints in 2005; 25 complaints in 2006; 39 complaints in 2007). As described in the briefing report, only formal, written complaints are recorded; however, the Regulatory and Compliance Unit estimates there are 10-20 calls weekly (520-1,040 annually) regarding taxicabs and liveries. Staff resolves some issues during the telephone call by explaining the regulations to the caller, and there are other instances where the caller is unwilling or unable to write a letter. There is a complaint form on the DOT website that may be downloaded and sent via mail to the Regulatory and Compliance Unit.

Figure III-2 shows two-thirds of complaints come from private citizens or DOT staff.



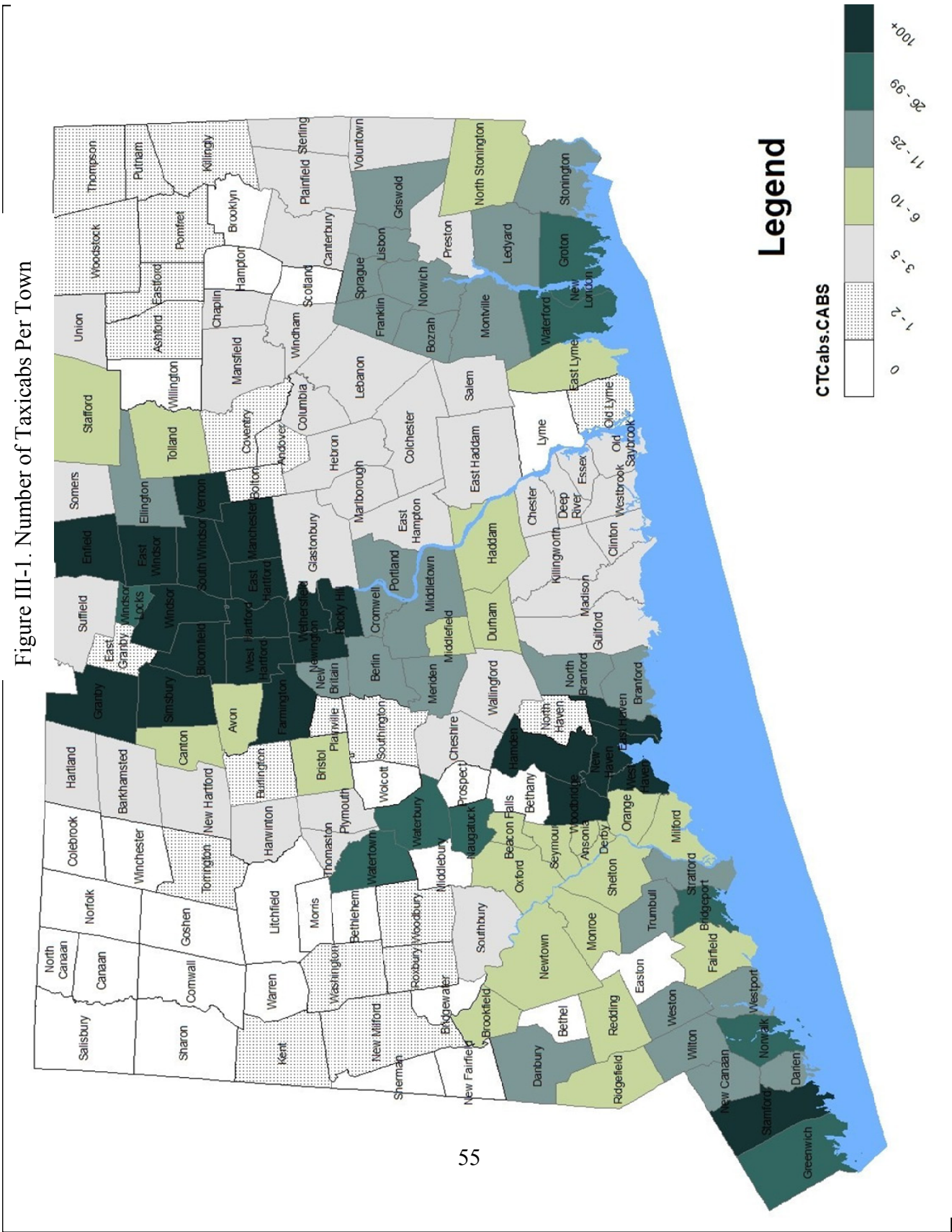


Table III-1 shows the most frequent types of complaints. *With the exception of alleged pick up of passengers outside of authorized territories, the vast majority of complaints are substantiated when investigated by DOT Regulatory and Compliance Unit investigators.*

| Table III-1. Frequent Complaints About Taxicabs | | |
|---|-------------------------------|------------------------------|
| Type of Complaint | Frequency of Complaint | Percent Substantiated |
| Primarily From Private Citizens: | | |
| Alleged overcharge | 12 | 92% |
| Long wait for cab or refusal to pick up caller | 6 | 100% |
| Rude driver | 6 | 100% |
| Primarily From DOT Staff: | | |
| Improper vehicle plate, operating cab without taxicab certificate | 9 | 89% |
| Poor condition, appearance of cab | 13 | 100% |
| No meter | 3 | 100% |
| Primarily From Police Officer: | | |
| No taxicab dome light, taxicab identification | 16 | 100% |
| Unsafe driving | 3 | 100% |
| Primarily From Competitors: | | |
| Alleged pick up outside authorized territory | 5 | 20% |
| Source: DOT Regulatory and Compliance Unit Complaint Log Book and PRI staff analysis. | | |

Table III-2 shows that, for the cases where this information was available, many complaints, on average, were resolved and the case closed within 45 days or less of receipt of complaint.

| Table III-2. Taxicab Complaint Resolution | | |
|---|-------------------------------|---|
| Type of Complaint | Median Time to Resolve | Most Common Resolutions |
| Primarily From Private Citizens: | | |
| Alleged overcharge | 14 days | <ul style="list-style-type: none"> Letter of apology sent by company (67%) Refund given (58%) |
| Long wait for cab or refusal to pick up caller | 37 days | <ul style="list-style-type: none"> Letter of apology sent by company (67%) DOT spoke with owner (50%) |
| Rude driver | 22 days | <ul style="list-style-type: none"> Letter of apology sent by company (67%) Driver reprimanded (33%) |
| Primarily From DOT Staff: | | |
| Improper vehicle plate, operating cab without taxicab certificate | Missing | <ul style="list-style-type: none"> Police issued citation/summons (44%) |
| Poor condition, appearance of cab | Missing | <ul style="list-style-type: none"> Vehicle repaired (54%) Police issued citation/summons (31%) |
| No meter | Missing | <ul style="list-style-type: none"> Police issued citation/summons (33%) |
| Primarily From Police Officer: | | |
| No dome light, taxicab identification | 46 days | <ul style="list-style-type: none"> Police issued citation/summons (60%) |
| Unsafe driving | 31 days | <ul style="list-style-type: none"> Police issued citation/summons (67%) |
| Primarily From Competitors: | | |
| Alleged pick up outside territory | 198 days | |
| Source: DOT Regulatory and Compliance Unit Complaint Log Book and PRI staff analysis. | | |

However, apparently not all written complaints are entered into the complaint logbook. One large taxicab company, for example, reported to PRI that it had submitted five written complaints to the Regulatory and Compliance Unit. None of these complaints, however, had been entered into the logbook, a tool that serves as documentation that procedures have been followed in processing complaints. Further, regulation only specifies that taxis must display comment cards, directing passengers to address compliments or complaints to the Regulatory and Compliance Unit (R.C.S.A. Sec. 13b-96-32(c)). There are no specifications on how the unit is to handle complaints. **Therefore, the program review committee recommends:**

The Regulatory and Compliance Unit staff should stamp the date of receipt of a written complaint and record all complaints in the Complaint Logbook within three business days of receipt of complaint. Complaints shall be investigated by the appropriate DOT staff and outcome of investigation documented in the Complaint Logbook and a written response sent to the complainant within 10 business days of completion of the complaint investigation.

As noted earlier, there is a complaint form on the DOT website that may be downloaded and sent via mail to the Regulatory and Compliance Unit. With the advent of computers and fax machines, the complaint form should be revised to include these alternate submission options. **Therefore, the committee recommends:**

The complaint form should be revised to add the email address and fax number of the DOT Regulatory and Compliance Unit for return of the completed complaint form.

Public hearings for citations. The Administrative Law Unit also adjudicates public hearings for alleged taxicab company citations for regulation violations. Information was obtained on final decisions for 50 taxicab and 43 general livery citation hearings held by the DOT administrative law unit. Table III-3 shows the most frequent reasons for citation hearings for taxis. In four out of five cases, there was more than one alleged violation (Figure III-3).

| Table III-3. Most Frequent Reasons for Taxi Citation Hearings | |
|--|----------------------------|
| Alleged Regulation Violation | Frequency (Percent) |
| Problem with taxi identification such as trade name, dome light | 16 (32%) |
| Body damage | 11 (22%) |
| Problem with trip logs | 9 (18%) |
| Taxi meter not functioning or not sealed | 9 (18%) |
| Problem identifying driver, no driver identification card | 9 (18%) |
| Company went out of business and didn't notify DOT | 4 (8%) |
| Operating without insurance | 4 (8%) |
| Operating outside territory | 3 (6%) |
| Rate overcharge | 3 (6%) |
| Source: PRI staff analysis of 50 citation hearing decisions between 1998-2007. | |

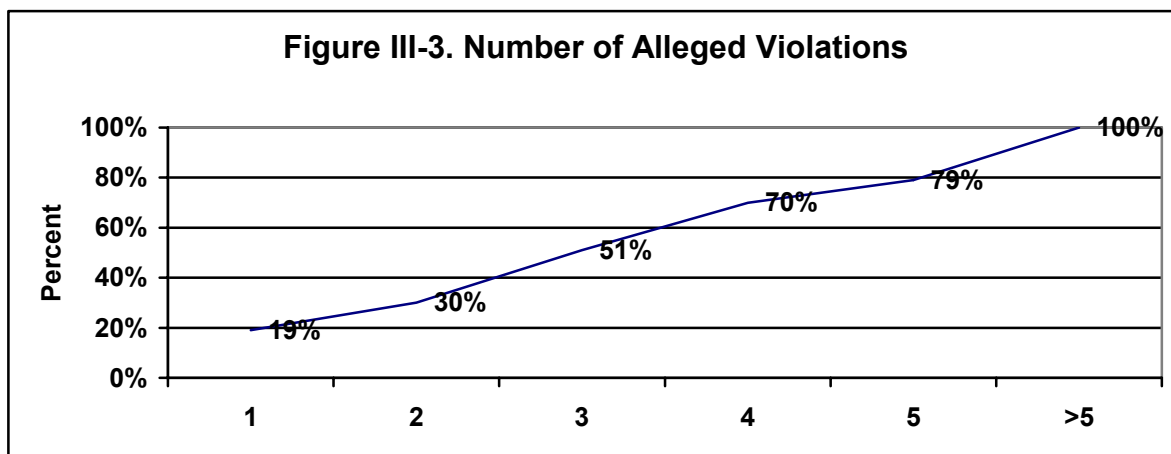
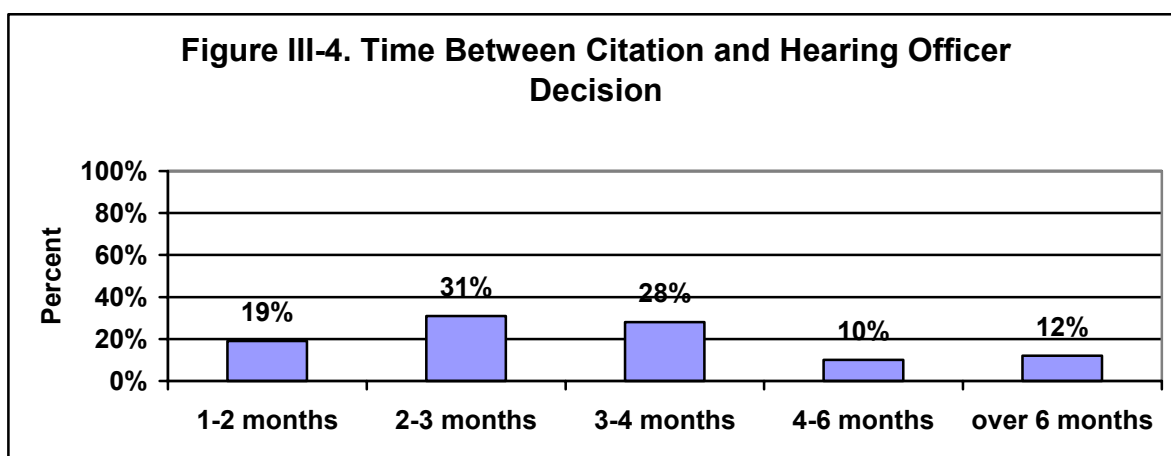


Figure III-4 shows the time between citation and decision by the hearing officer. Half are decided within three months of the citation. Figure II-1 (see Section II) shows the amount of the fines imposed for taxicab company violations.



There were six certificates revoked (12 percent) as a result of the citation hearing and 70 percent were fined.

Rates of Fare

Rate-setting. Regulations require certificate holders to file their rates of fare or tariffs with DOT. Rates must be posted in the taxicab, and drivers are not permitted to charge any more or less than the approved fares. Taxicab fares are regulated through meter rates for trips under 15 miles and by tariffs for trips of 15 miles or more (R.C.S.A. Sec. 13b-96-37). All mileage distance between two towns or cities is determined using the Official Mileage Docket 6770-A of the Public Utilities Control Authority. Rates are set by the adjudicators of the Administrative Law Unit after a hearing process and tariffs are set after approving an application for a change in charges by the Regulatory and Compliance Unit.

Rates (under 15 miles). Taxicab rates for trips under 15 miles are approved through an Administrative Law Unit public hearing process similar to the public hearing process for a new taxicab authority. The adjudicator may grant the rates as requested, deny the rate increase, or modify the rate increase. While a taxicab company may request a 10 percent rate increase, for example, DOT may choose to award a 5 percent rate increase.

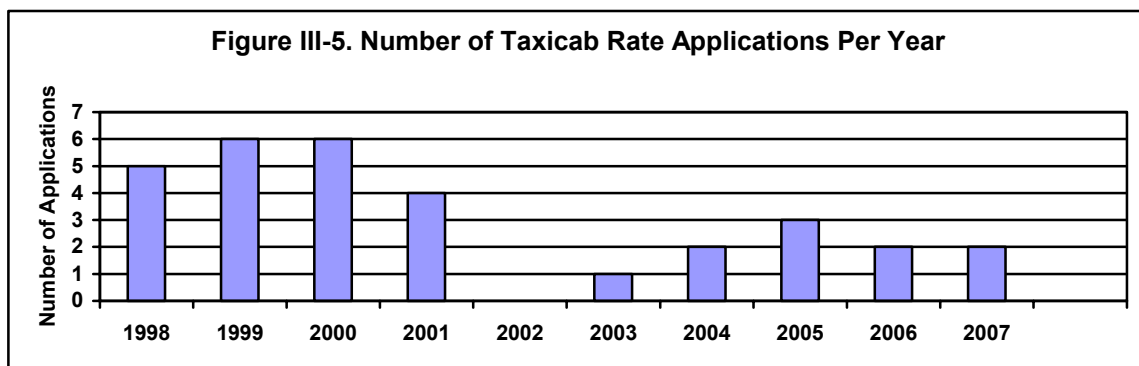
Taxicab rates vary by location. Each town or city has a drop rate (the rate charged to enter a taxicab), a per fraction of a mile rate, and a waiting time rate. Approximately four to five years ago, most of Connecticut, with some exceptions (e.g., Fairfield County) had the same rates. Table III-4 shows the rates for taxicabs operating in various towns as of November 2008 and the cost, for example, of an eight-mile trip, excluding tip and wait time (see Appendix D for full listing of taxi rates).

Table III-4. Taxicab Rates Effective November 2008

| Location | Drop Rate/For First Fraction of a Mile | | Rate/For Every Subsequent Fraction of a Mile | | Rate/For Every Fraction of Wait Time | | Cost For 8 Mile Trip |
|--|--|----------|--|----------|--------------------------------------|---------|----------------------|
| | | | | | | | |
| Beacon Falls | \$1.75 | 1/10 mi. | .30 | 1/10 mi. | .30 | 35 sec. | \$25.45 |
| Guilford | \$2.00 | 1/9 mi. | .25 | 1/9 mi. | .25 | 29 sec. | \$19.75 |
| Stafford | \$2.25 | 1/9 mi. | .25 | 1/9 mi. | .25 | 29 sec. | \$20.00 |
| New Haven | \$2.25 | 1/9 mi. | .25 | 1/9 mi. | .25 | 29 sec. | \$20.00 |
| Fairfield | \$2.50 | 2/10 mi. | .2 | 1/10 mi. | .20 | 30 sec. | \$18.10 |
| Greenwich | \$3.00 | 1/10 mi. | .25 | 1/10 mi. | .25 | 29 sec. | \$22.75 |
| Source: Department of Transportation Regulatory and Compliance Unit. | | | | | | | |

Meters. State regulations stipulate that taxicabs cannot operate without a functioning meter, installed and sealed in the vehicle by a duly authorized sealer of weights and measures from the Connecticut Department of Consumer Protection or other authorized meter sealer (R.C.S.A. Sec. (a)). Taxicab vehicles have meters that must adhere to national standards set by the National Conference on Weights and Measures and be registered with the Department of Consumer Protection. Meter rates are programmed based on the zone in which the taxicab operates, time, and distance. The meter is then sealed, and only a licensed repairer can break the seal to repair the meter. A meter can be calibrated by either a: “city sealer,” a position required in cities with populations of at least 75,000; licensed repairer; or the Department of Consumer Protection meter inspector, who is responsible for all DMV scales and calibrations for the entire state, including gas pumps.

Rate application analysis. As noted earlier, all proposed fare changes for a territory require a public hearing. One or more companies from a given territory apply for the rate increase, and should it be granted, all companies in the territory, regardless of whether they were part of the application, must change their meters to match the approved rate change. Figure III-5 shows that rate changes are sporadic, ranging from zero to six requests annually.



On average, in the last 10 years, it took approximately six months from the time an application for rate change was submitted to the time a decision was made. All but two (7 percent) of the 31 rate increases were granted either fully (74 percent) or at least partially (19 percent). Rate increases had last been granted over five years ago for more than half (55 percent) the applications for which this information was known. *Meter rates rarely increased more than once during the five-year period of 2003-2007.*

Meter rate analysis. One argument for having different rates is the cost to operate a taxicab is higher in some towns, such as those in lower Fairfield County. Using this logic, a fare in Greenwich should be higher than a fare in Oxford. However, an 8 mile trip in Greenwich costs \$22.75, and an 8 mile trip in Oxford costs \$25.45.

Taxicab rates vary by location. Thus, an 11 mile trip from Orange to Shelton (excluding tip and wait time) costs \$26.75; however, the same 11 mile trip from Shelton to Orange can cost either \$26.75 or \$34.45, depending on the authority the taxicab is operating under. If the taxicab is authorized to provide service in Orange, the rates on the meter will be lower than if the taxicab is authorized to provide service in Shelton, where the rates on the meter are higher.

This difference in fares is also confusing for customers. Approximately four to five years ago, most of Connecticut, with some exceptions (e.g., Fairfield County) had the same rates. The DOT Regulatory and Compliance Unit initially requested all of Connecticut have a uniform meter rate (Docket 0007-R-15-T). The rationale for uniform rates included:

- It is difficult to establish rate increases in some towns due to overlapping territories that may effect the taxicab rates in other towns;
- Uniform fare rates will eliminate confusion as to why rates vary for the same trip (eliminates fare confusion for passengers); and
- DCP Division of Weights and Measures is in favor of establishing uniform rates since it is difficult to check taxicab meters with varying rates.

In addition, each rate increase requires a public hearing, reducing the availability of the hearing officers to preside over application and citation hearings. As noted, there were 31 rate hearings from 1998 to 2007.

Currently, taxicab meters contain one set of rates based on the operating territory of the certificate holder. The many different meter rates lead to inconsistency, with the passenger unable to determine if they have been overcharged or even to anticipate the cost of the trip. Further, the many rate hearings decrease availability to hear applications and citations in a timely manner. **Therefore, the program review committee recommends:**

Connecticut shall have uniform taxicab meter rates of fare across the state.

Periodic fare review. With one statewide rate, the meter rate should be assessed periodically, as occurs in Baltimore, Maryland. Connecticut would benefit from an assessment and possible proposed rate change by the DOT Regulatory and Compliance Unit every six months to take into consideration changes in such expenses as insurance, gas, labor, and vehicle maintenance and repairs. Any proposed rate changes would be published and a hearing held by the Administrative Law Unit to obtain opinions from the public including customers, certificate holders and drivers. **Therefore, the committee recommends:**

Taxicab meter rates of fare will be assessed by the DOT Regulatory and Compliance Unit every six months. Any proposed rate changes will be published and a hearing held by the Administrative Law Unit prior to approved rate changes.

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Section IV

GENERAL LIVERY FINDINGS AND RECOMMENDATIONS

This section analyzes the current regulation of the livery industry including market entry and the application process, vehicle safety, and driver qualifications. The role of permit holders, particularly as it pertains to safety is also discussed in this section.

Status of Overall Livery Regulations

Unlike taxicabs, the approximately 300 intrastate livery companies in Connecticut do not have meters and are defined in statute as businesses that transport passengers for hire (C.G.S. Sec. 13b-101), such as limousines and medical transporters.⁸ Examples of intrastate livery services are trips to the airport, weddings, and proms.

The current livery regulations have been in effect since 1965, and have not been updated in 40 years. The current regulations, for example, refer to the public utilities commission rather than DOT as the regulator, and do not describe the application and hearing process, a key element of regulation of the livery industry. Despite the responsibility for regulation of livery companies having shifted from the Public Utilities Control Authority to the Department of Transportation in 1979 the current regulations are badly out-of-date and it is crucial that the regulations be updated.

According to DOT staff, the reasons the department has not updated the regulations range from not having the staff with the time or expertise to write livery regulations, to waiting for the recommendations from the current PRI study before proceeding further with the livery regulation review process.

The taxi regulations were revised in 2000, and therefore it is logical to assume that a similar process could also have occurred to revise the livery regulations. PRI staff has been shown copies of drafts of revised livery regulations prepared in 2003 by a committee of livery company representatives and DOT staff, which were subsequently reviewed by the Administrative Law Unit and DOT Legal Unit. The revised draft of the regulations, however, was never submitted to the legislative Regulation Review Committee. **Therefore, the committee recommends:**

The Department of Transportation should resume efforts to draft updated livery regulations in order to submit the revisions to the Regulation Review Committee by January 1, 2010.

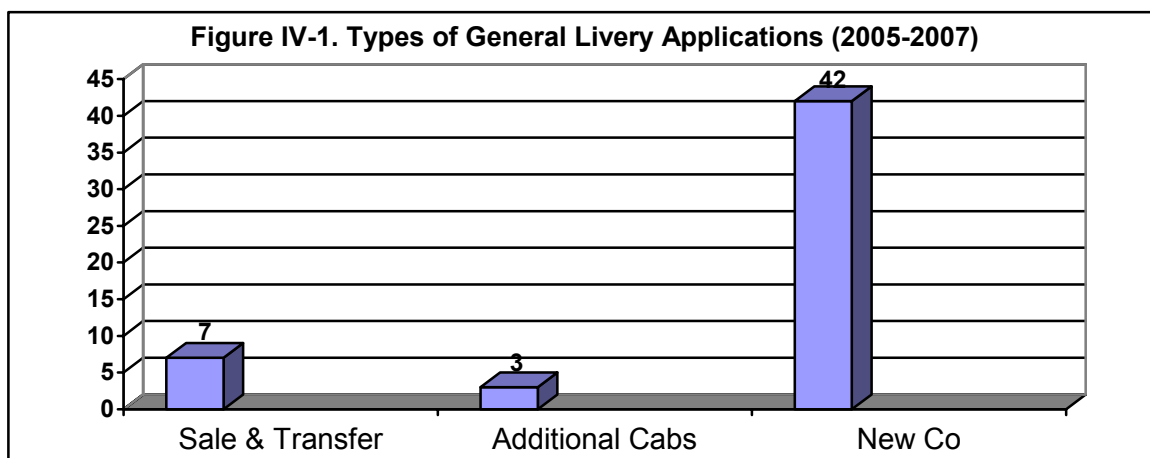
⁸ The livery vehicle industry is divided into *interstate* livery vehicles and *intrastate* livery vehicles, the latter of which is the focus of this program review study. Aside from the ability to transport passengers across state lines, interstate livery vehicles fall under federal authority, including the receipt of U.S. DOT numbers, and intrastate livery is under state of Connecticut authority.

Market Entry

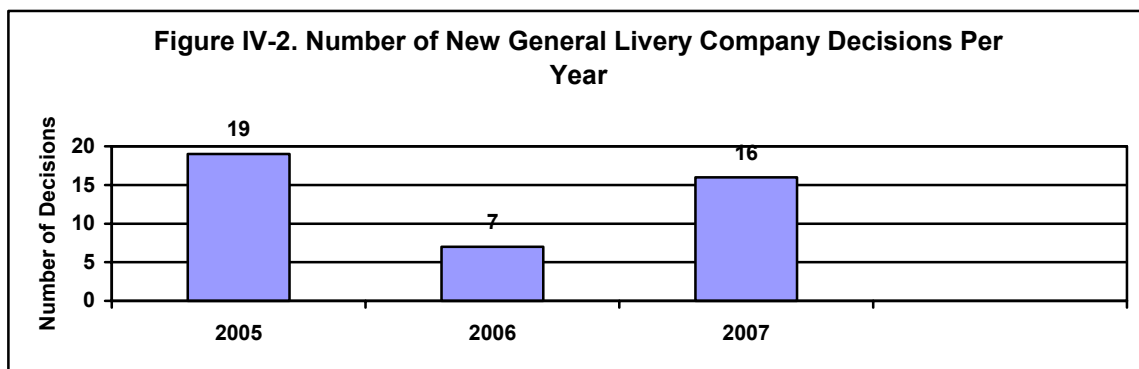
General Livery Applications

Types of applications. Similar to the taxi industry, there are three ways in which new livery companies may enter the market: approval of an application for a new livery permit, full sale and transfer of an existing company to an individual who does not already own a livery company, or partial sale and transfer of a portion of an authority from a permit, leading to creation of an additional company/permit. Expansion of a livery company may occur through application for additional livery vehicles (including the expedited application for two additional liveries annually), and through a full or partial sale and transfer of an existing company to add to another permit holder's authority.

There were 52 DOT applications related to general livery companies during 2005-2007 that required a public hearing. Figure IV-1 shows 81 percent were for new companies.



Analysis of new livery applications. Figure IV-2 shows a breakout of the 42 applications for new general livery companies decided during 2005-2007. There were as many as 19 decisions for new general livery companies annually, more than twice the number of new taxi company decisions discussed in Section I. Given there are approximately three intrastate livery companies for every taxi company, the number of new livery applications is comparable.



There were decisions on 42 applications for new livery company permits during the 3-year period examined between 2005-2007. The three areas assessed in determining the outcome of an application for a new livery company are: 1) financial wherewithal; 2) suitability; and 3) public convenience and necessity. Compared with taxicab certificates, the applicant for a livery permit must show that the public's convenience and necessity will be *improved* now or in the future by the operation of this livery service. This standard contrasts with the taxi certificate process, which calls for the applicant to show that public convenience and necessity *requires* the applicant's proposal. Despite the less stringent definition, livery vehicle applicants are no more likely to prove public convenience and necessity than taxicab applicants.

To demonstrate this experience with proving public convenience and necessity, Figure IV-3 shows just under half of livery applicants (48 percent) fully demonstrate public convenience and necessity as compared with 83 percent fully demonstrating financial wherewithal.

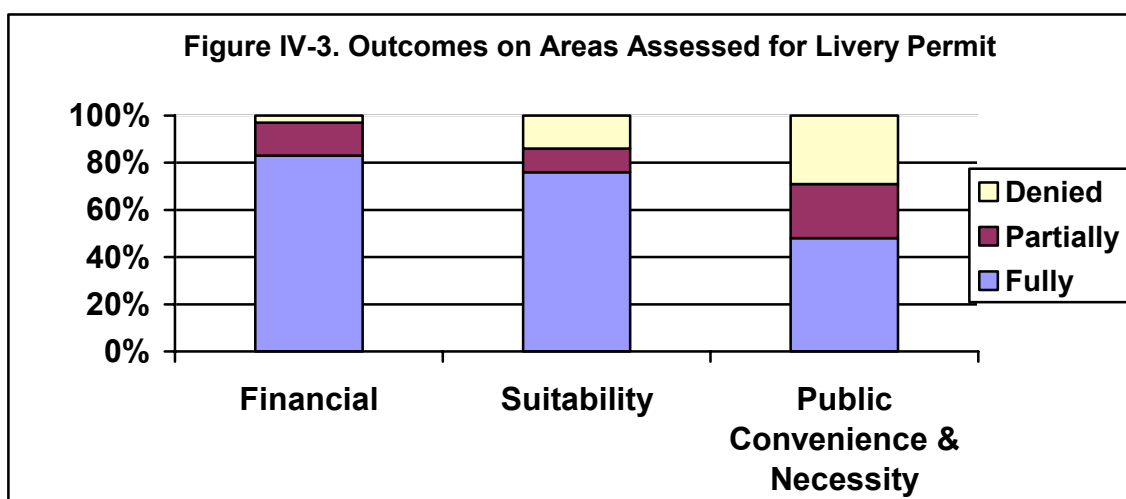
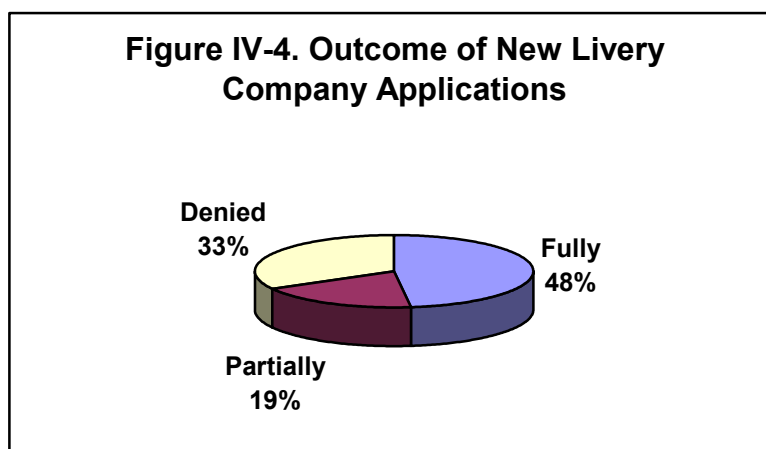


Figure IV-4 shows that nearly two-thirds of the new applications were approved fully or partially. Twenty applications (or 48 percent) were fully approved and 8 application (or 19 percent) approved at least partially (i.e., fewer vehicles than requested).



Analysis of sales and transfer applications. A permit may be sold to an individual who currently does not hold a permit of public convenience and necessity (A permit may also be sold to an existing company owner as a way to expand his or her market share). Although a public hearing is not required, the applicant seeking to purchase a permit must still prove his or her suitability to operate a livery company. A written application is completed, containing the purpose, terms, and conditions of the sale and transfer, similar to the sale of a taxi certificate.

Unlike taxicabs, however, just seven sales and transfers occurred during 2005-2007 (compared to 25 taxi sales and transfers during the same period). All but one of the seven sales were full sales. The seven transactions resulted in five new livery companies and additional vehicles for two existing companies. Figure IV-5 summarizes the various routes to market entry and expansion.

Analysis of applications for additional livery vehicles. Beyond purchasing additional vehicles from another permit holder as part of a sale and transfer, there are two ways in which a company can obtain approval for additional livery vehicles: 1) expedited application; and 2) additional vehicle application. Under the expedited application process, the statute states a permit holder, after the first year of operation, can request one or two additional livery vehicles every year without a hearing (C.G.S. Sec. 13b-103-(a)(4).

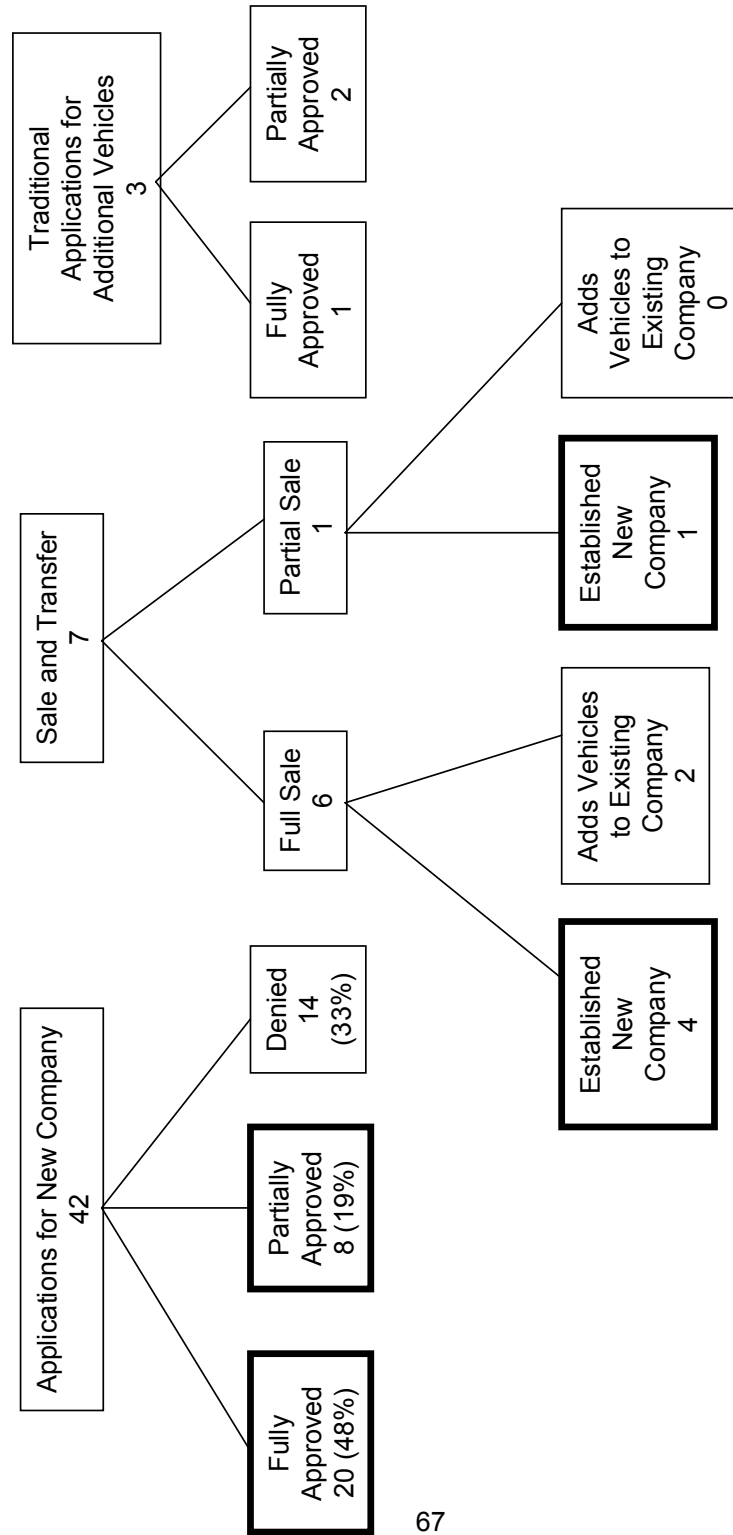
Analysis of additional livery vehicle applications. The additional livery vehicle application process was used just three times during the past three years—given the fact there are triple the number of livery companies, this is significantly less than the approximately six times per year it was used by taxicab certificate holders. This difference in use is most likely attributed to the ready availability of the expedited application.

Analysis of expedited livery vehicle applications. While file information was not collected on the incidence of the expedited application process for livery vehicles, it is apparently used quite often. A recent communication from the license and application analyst listed 44 expedited livery vehicle applications for 2007.

The same arguments posed in Section I apply to livery vehicles, namely that the expedited application is inconsistent with the proof of public convenience and necessity process considered necessary for adding additional vehicles to a permit. Beyond providing evidence helpful in determining proof of public convenience and necessity, witnesses testifying as part of the public hearing process may also shed light on applicant suitability factors. **Therefore, the program review committee recommends:**

C.G.S. Sec 13b-103(a)(4) shall be amended to eliminate the expedited application process for livery vehicles.

Figure IV-5. General Livery Industry Market Entry and Expansion 2005-2007



Public Convenience and Necessity

As described earlier, the applicant for a livery permit must show that the public's convenience and necessity will be *improved* now or in the future by the operation of this livery service.

Similar to the arguments posed in Section I for taxis, specific information about the evidence required to prove public convenience and necessity would take some of the mystery out of the process. **Therefore, the committee recommends:**

The DOT Administrative Law Unit hearing officers should prepare a plain language explanation about the type of evidence that may establish public convenience and necessity for new permit applicants, including what is considered unacceptable evidence.

Future applicants would also benefit from reviewing decisions of previous livery applications. In their decisions, the hearing officers specify which evidence is credible and contributes to proving public convenience and necessity and the reasons why other evidence is not considered in the decision making process. **Therefore, the program review committee recommends:**

Livery permit decisions shall be published on the DOT website within 30 days of outcome.

Market Entry Decision Process

Applications. Similar to the taxicab situation, the applications for new intrastate livery services, sale and transfer, and additional vehicles are unclear regarding disclosure of criminal convictions. The question of disclosure of criminal convictions for motor vehicle violations within the past 10 years should be a separate question from disclosure of criminal convictions for any other crimes or offenses.

Applicants are also required to list the name, address and telephone number of any attorneys providing them with representation. Sometimes the attorney listed on the application is not the attorney that will represent the applicant/respondent in the hearing. It would be helpful to have attorneys file appearances with the department, as they do in court, to indicate who is representing the applicant/respondent in the matter so the hearing officer can communicate directly with the attorney.

New livery applications should also require the applicant to list office hours and office staff, and describe the company's record keeping system, including the location where livery records will be kept for DOT inspection. Based on these suggestions, **the program review committee recommends:**

The DOT Regulatory & Compliance Unit should make the following changes to the Livery Applications:

- **Separate questions on disclosure of motor vehicle criminal history within the past 10 years from other criminal history within the past 10 years**
- **Request attorneys representing applicants to file an appearance with the DOT**
- **Description of office hours and office staff, and record keeping system, including location of records to be kept for DOT inspection**
- **Require statement on application form that applicants must update any financial information five days before the public hearing (as will be discussed later)**

Since there is often a delay of several months between the initial financial information provided with the application for a new livery service, updated financial information is required of the applicants at the time of the hearing. (This situation also occurs for other hearings such as hearings for additional vehicles.) Often, this request is made of the application by the Regulatory and Compliance Unit Utilities Examiner on the day of the hearing, delaying the process while awaiting the applicants updated information. If the applicant were required to supply the updated financial information in advance of the hearing, this delay would be eliminated. **Therefore, the committee recommends:**

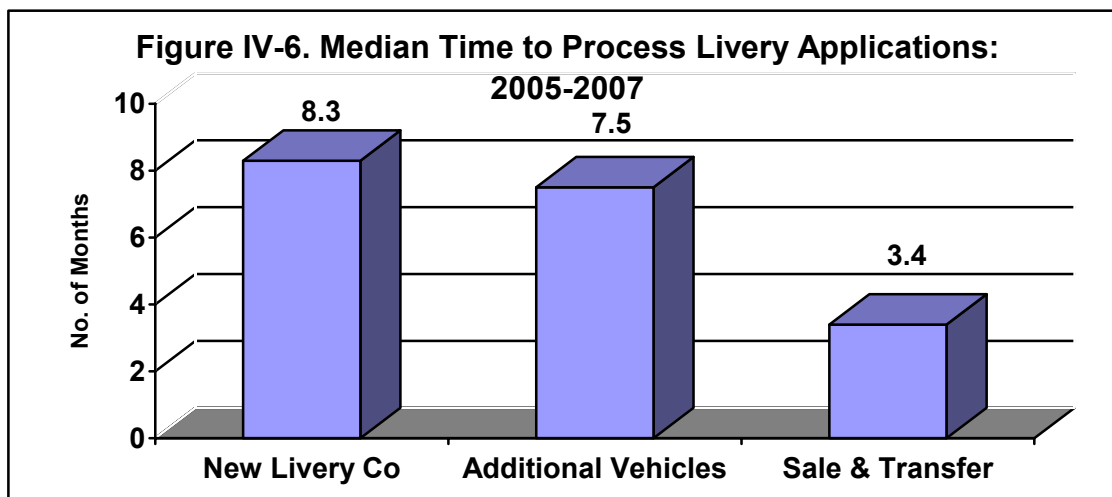
Livery applicants should be required to supply updated financial information to the Utilities Examiner five days prior to the hearing.

According to the Administrative Law Unit, outstanding complaints are only checked for existing permit holders. There have been instances, however, where a new applicant has an outstanding complaint, such as using an interstate plate for an intrastate trip, or carrying more passengers than allowed, and the hearing officer only becomes aware of this status at the time of the hearing when a witness testifies. It should be a relatively simple matter to check the Complaint Logbook to determine if there are any outstanding complaints involving the applicant. **Therefore, the program review committee recommends:**

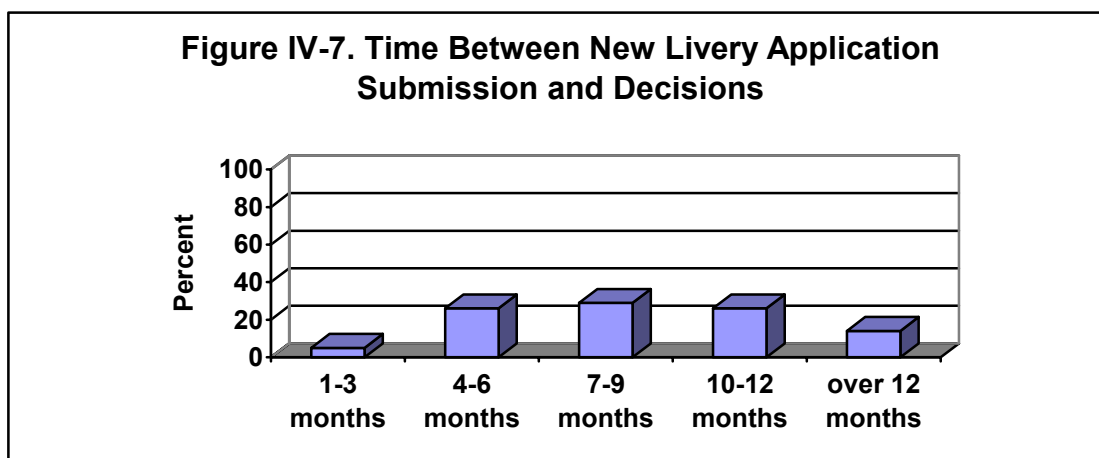
The Regulatory and Compliance Unit should assess whether any applicant, regardless of current permit holder status, has any outstanding complaints. This information should be part of the information communicated to the Administrative Law Unit in preparation for any public hearing on an application.

Time to process applications. Figure IV-6 illustrates the median length of time it takes from submission of completed application to final decision for the three types of applications. The median time for an application for a new livery company was 8.3 months, while an application for additional

vehicles took 7.5 months. The sale and transfer took just 3.4 months, and as was the case with taxicabs, this type of application took the least amount of time to process.



Nearly nine out of ten public hearings for new livery companies (85 percent) were completed in a single day. While the median time for new applications is 8.3 months, many take longer as shown in Figure IV-7.



Consistency of decisions. As noted in the taxi section of this report, questions have been raised about consistency of some of the decisions by the Administrative Law Unit hearing officers. While a member of the Regulatory and Compliance Unit is often present at livery citation hearings representing the viewpoint of the unit, it is often solely the utility analyst present at the application hearing. That analyst has an interest and expertise that is limited to financial matters. Thus, hearing officers often lack information on the viewpoint of the Regulatory and Compliance Unit regarding the application under consideration. As a result, decisions are made with somewhat limited information. The consistency of hearing officer decisions may very well improve with the receipt of more complete knowledge. **Therefore, the committee recommends:**

In addition to the DOT Regulatory and Compliance Unit utility examiner, a member of the DOT Regulatory and Compliance Unit with non-financial perspective should be a party to the Administrative Law Unit public hearings, representing the viewpoint of the unit on the livery application or citation under consideration.

Market stability. During this same three-year period (2005-2007) that 33 livery companies were started (28 from the new livery company application process and 5 from the sale and transfer process), 6 companies were sold and 16 had their permits revoked as the result of a citation hearing. The most frequent reason for permit revocation was that the company had already gone out of business. There was a net gain of 11 new companies during this three-year period. (Information on voluntary forfeiture of permits was not collected).

Partial sales. While the number of new livery companies launched from partial sales is modest compared to the taxi industry, the Regulatory and Compliance Unit is currently struggling to monitor and enforce taxicab and livery regulations, and the same reasoning applies to both new taxi and new livery companies. The demonstration of proof to start a new company that occurs during the public hearing process should not be circumvented through the purchase of a portion of a permit. The proposed prohibition of partial sales for taxi companies should also be applied to livery companies. **Therefore, the program review committee recommends:**

C.G.S. Sec. 13b-103(c) shall be amended to specifically prohibit partial sales of livery permit interests.

Safety

Liveries are another form of public transportation, and as such, the public has an expectation that the livery vehicle is safe and the driver competent. Findings about vehicle safety and driver qualifications are now presented.

Vehicle Safety

Initial vehicle inspections. The DOT Bureau of Public Transportation Regulatory and Compliance Unit inspects all livery vehicles with a seating capacity greater than seven passengers prior to registration. Unlike DMV inspections, which focus on safety issues, the focus of the DOT inspection is on seating capacity, match with vehicle described in permit and number allowed under the permit. The livery vehicles are inspected by a public transit inspector. The DOT initial inspections of livery vehicles with seating capacity of eight passengers or greater are performed in the field at livery company headquarters--the focus of inspections is not on safety issues.

Livery vehicles with a seating capacity of seven or less are not inspected by anyone unless sold, transferred or have their seating capacities modified, in which case they are inspected by DOT.

Initial vehicle inspections in comparison states. The 2007 edition of the TLPA Limousine & Sedan Fact Book reported results based on responses to a national survey mailed to livery operators. They reported that on average, a livery vehicle is inspected once every 10 months and the inspection is usually carried out by a local authorized inspection station (50 percent), state Department of Transportation (25 percent), state police (17 percent), or local police (8 percent).

Table IV-1 provides some information from several comparison states, with four of the five

| Table IV-1. Frequency of Livery Vehicle Inspections in Comparison States | | |
|---|--|---|
| State | Frequency | Who Inspects |
| Statewide Livery Regulation | | |
| Delaware | Twice a year | DMV inspection lanes |
| Pennsylvania | Twice a year | Annually by independent garages approved by DOT; also Public Utilities Bureau Inspectors inspect approximately one-quarter; destination inspections at events after the limousine drops off the passengers are also conducted |
| Kentucky | Not inspected | |
| Colorado | Every 6-18 months, based on a risk-based algorithm | Public Utilities Commission investigators |
| Other Comparison Jurisdictions | | |
| Massachusetts (Springfield) | Once a year | Police Department |
| Source: Telephone survey of regulators in other states. | | |

requiring inspections similar to their taxi inspection requirements. *Connecticut is below industry standards to the possible detriment of passenger safety.* **Therefore, the committee recommends:**

The Department of Motor Vehicles shall inspect all newly registered livery vehicles regardless of seating capacity.

Biennial registration renewal inspections. DMV regulations require livery vehicle registrations to be renewed every two years. Like taxicabs, livery vehicle registration renewals are due in March of every other year. However, vehicle inspections are not required as part of the registration renewal process. Along with the previous recommendation that livery vehicles be inspected at the time of registration, independent garages should conduct inspections as a requirement of re-registration of the vehicle. **Therefore, the program review committee recommends:**

The DMV shall require proof of vehicle inspection as part of the livery vehicle registration renewal process.

Occasional DOT requested inspections. Periodic ad hoc inspections, conducted at busy times like during prom season, provide additional oversight to the regulation of livery vehicle safety. During 2007, there were no unannounced, joint DMV/DOT inspections conducted. Program review believes this type of inspection should resume. Because DOT inspectors report livery vehicles to be in relatively better condition, they do not warrant the more intense scrutiny needed by the taxi industry. **Therefore, the committee recommends:**

Unannounced inspections of livery vehicles should occur at least once per year. The inspections should be joint inspections with DMV inspectors.

Even a few unannounced inspections will act as a deterrent, encouraging permit holders to maintain their vehicles safely and adhere to other regulations such as maximum passenger limits.

Driver Qualifications

Livery driver qualifications. Livery drivers are required to have the exact same license and endorsement as taxi drivers. Livery regulations specifically require each permit holder to ascertain that each driver in his or her employment holds a public service operator's license (R.C.S.A. Sec. 16-325-6), but with no specific frequency requirement. While this regulation could be interpreted to mean that licenses need to be up to date at all times, it is more realistic to require a specified period of time between verification checks. Current taxicab regulations require each certificate holder, at least once every 12 months, to review the driving record of each driver to determine whether that driver is qualified to drive a taxicab (R.C.S.A. Sec. 13b-96-28(c)). The taxi safety section of this report increases the frequency of the review to at least once a month. The same requirement should exist for livery permit holders. **Therefore, the program review committee recommends:**

The regulations shall be amended to require each livery permit holder at least once a month to review the automated DMV license suspension/endorsement withdrawal database to determine whether its drivers continue to be qualified to drive livery vehicles. The DOT shall perform this function for single vehicle livery permit holders.

In order to access the automated DMV license suspension/endorsement database, a computer with internet capability is required. Access to an automated system would also allow permit holders to download forms from the DOT and DMV websites, lodge complaints, and provide documentation of any email correspondence between the DOT and certificate holder. This should be a requirement for all permit holders. **Therefore, the program review committee recommends:**

All livery permit holders should be required by the DOT Regulatory and Compliance Unit to have access to a computer with internet capability, including the ability to access the automated DMV license suspension/endorsement withdrawal database.

Role of Permit Holders in Livery Safety

Livery company owner qualifications. *There is currently an inconsistency in suitability standards for applicants of taxicab and livery authorities.* While the taxicab applicant must pass both a state and federal criminal background check, only a state criminal background check is required of livery applicants. According to DOT personnel interviewed, this difference in requirements was unintentional and should be remedied. **Therefore, the committee recommends:**

C.G.S. Sec. 13b-103(b) shall be amended to require both federal and state criminal background checks for all livery permit applicants.

Livery citations. There were just as many citation hearings (43 hearings) as there were new livery company applications.

Public hearings for citations. Information was obtained on final decisions for 43 general livery citation hearings held by the DOT administrative law unit. Table IV-2 shows the most frequent reasons for citation hearings for liveries. In two out of three cases, there was more than one alleged violation (Figure IV-8).

| Table IV-2. Most Frequent Reasons for Livery Citations | |
|---|----------------------------|
| Reason for Citation | Frequency (Percent) |
| Operating without a permit | 18 (42%) |
| Failure to maintain headquarters (went out of business and didn't notify DOT) | 13 (30%) |
| Exceeded passenger capacity | 9 (21%) |
| Operating without valid license or endorsement | 5 (12%) |
| Operating without insurance | 4 (9%) |
| Used interstate plate for intrastate trip | 4 (9%) |
| Source: DOT public hearing decisions: 2005-2007. | |

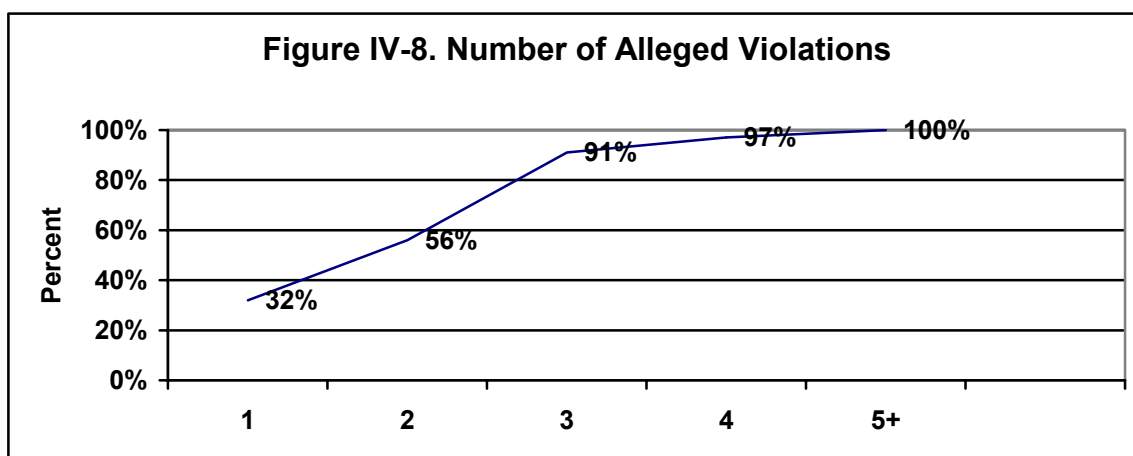


Figure IV-9 shows the time between citation and decision by the hearing officer. Half are decided within three months of the citation. However, in situations where the livery company went out of business, the median time between discovery of the closure that triggers the citation hearing and the actual closure is 21 months--in one case, it was more than four years.

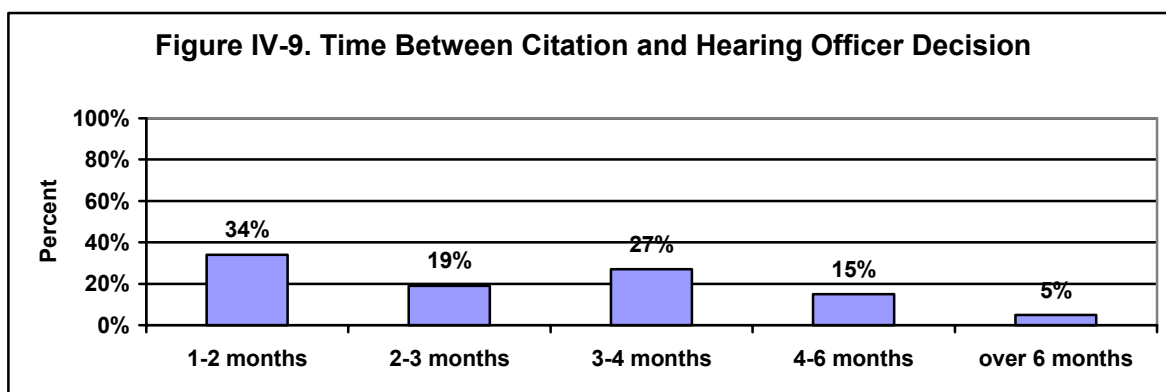
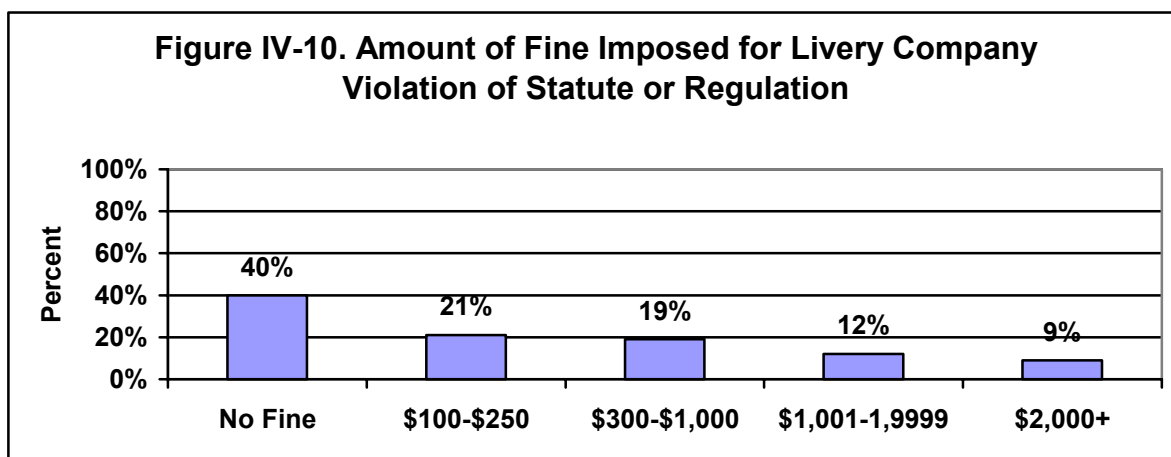


Figure IV-10 shows the typical fine imposed for citation violations during 1998-2007. A sizeable number of companies not fined actually had their permits revoked because they had gone out of business. Unlike taxi citation hearings, there were triple the number of permit revocations (37 percent) at the conclusion of livery citation hearings.



Consequences for failure to adhere to statutes and regulations. There are currently several consequences for not adhering to the livery statutes and regulations, ranging from fines, probation, and suspension to permit revocation. DOT regulators may have need for additional disciplinary measures they can take to “police” the industry. These could be strengthened by temporary loss of privileges otherwise given to a permit holder in good standing. For example, permit holders not in good standing could be banned from filing applications with the DOT to expand services to interstate livery or medical livery or add vehicles to their fleets. Therefore, to strengthen the consequences for violations of livery statutes and regulations, **the committee recommends:**

Any permit holder found to have violated a livery statute or regulation shall be prohibited from submitting any future applications to the DOT Regulatory and Compliance Unit for a period of 12 months from the date of the administrative hearing decision.

Annual regulatory fee. Permit holders currently pay no annual fee to DOT. There are approximately 1,651 livery vehicles allocated to approximately 274 permit holders. Enforcement of regulations by the DOT can be costly. If each permit holder paid \$400 per year for each livery vehicle on their certificate, approximately \$660,400 would be generated annually for the transportation fund to cover costs for additional resources for the regulation of the livery industry. **Therefore, the program review committee recommends:**

The livery permit holders pay an annual fee to the DOT of \$400 per vehicle to cover the cost of enforcement of safety and other livery regulations.

MEDICAL LIVERY FINDINGS AND RECOMMENDATIONS

This section reviews background information on nonemergency medical livery services and provides an update on the current broker selection process. As the services are either provided by a livery vehicle or taxicab, the vehicle safety and driver qualifications findings and recommendations in the previous sections will not be repeated. This section does, however, address several unique aspects of market entry and the application process for nonemergency medical transportation. The section concludes with a series of recommended improvements related to oversight of brokers and providers.

Overview

A specific subtype of livery services is medical livery, which provides nonemergency medical transportation to Medicaid clients through the Department of Social Services. Medical livery transportation is provided by many of the general livery companies and some taxicab companies. However, the transportation services provided are generated by contracts with brokers hired by the Department of Social Services and paid for with Medicaid funds. Beyond general statutory and regulatory requirements for liveries, there are additional state requirements for medical transportation services. Also, since providing a nonemergency medical transportation brokerage program is an option under the federal Medicaid program, it is subject to federal regulations.

Nonemergency medical transport is a benefit available to Medicaid clients. The Connecticut Department of Social Services (DSS) oversees the state's nonemergency medical transportation (NEMT) program, a service provided to eligible Medicaid recipients who need access to medical care or services and have no other means of transportation. The NEMT is available to Medicaid recipients participating in the Husky A managed care plan program (family coverage for children, parents and pregnant women) or in the non-managed care plan program for more frail individuals, i.e., the SSI program (aged, blind, disabled, nursing home residents, etc.). Until 1998, the Department of Social Services operated the benefit itself through direct interaction with Connecticut livery service providers.

Use of brokers. In 1998, the state began to exercise the federal option of establishing a nonemergency medical transportation brokerage program. The expectation was that this brokerage program would provide more cost-effective transportation for individuals eligible for medical assistance under Medicaid. While the transportation can include wheelchair vans and stretcher cars, this study focuses on use of livery vehicles (and some taxis) in the provision of this service.

Federal regulations allow this service to occur through contract with a broker. The regulations specify the broker must be selected through a competitive bidding process based on the state's evaluation of the broker's experience, performance, references, resources, qualifications, and costs. The broker is required to monitor beneficiary access and complaints, and also to ensure that transport personnel are licensed, qualified, competent, and courteous. The broker must also undergo regular auditing and oversight by the state to be sure that both the quality and accessibility of transportation services are adequate.

The Department of Social Services is required to define geographic areas of the state for which companies can bid to provide this nonemergency medical transportation service. In consultation with DOT, DPH, and OPM, the Department of Social Services decides from whom to purchase these services from among the bids.

Besides saving money, DSS believed the use of brokers would improve services to clients. Prior to the shift to regional brokers, for example, DSS staff was only available during regular business hours and clients unable to reach someone for medical transportation after 4:30 p.m. would call 9-1-1, leading to a costly and unnecessary ride in an ambulance. The brokers have call centers with automated systems, which took the place of a manual system used by DSS staff. The brokers reportedly use state-of-the-art technology to track every call; half the fleet has GPS.

Medical livery provider selection. The actual companies that provide medical livery service are selected by the brokers. Although a livery or taxi company must still secure a specific permit from DOT for this type of governmental service, those companies may only apply for such a permit with the backing or support of the broker. Because all the medical transportation business is controlled by the broker, it would not make sense to secure a medical livery permit unless such a contract with the broker was anticipated.

NEMT providers exiting medical livery business. There appear to have been six companies between 1998-2007 who at one time had a combined total of 35 vehicles providing nonemergency medical transportation services, but have stopped providing the service. When cessation of such service is discovered, revocation of the medical livery permit occurs. Concern was expressed that, due to low broker reimbursement rates, a sizeable number of NEMT providers would have stopped offering the service. However, *the PRI review of DOT records does not show evidence that a significant number of NEMT providers have stopped offering nonemergency medical transportation services.*

Current Broker Selection

Selection process. In spring 2008, new broker contracts were rebid, with an anticipated value of approximately \$130 million over the next five years. The state's usual competitive procurement process (i.e., Request for Proposals) was followed. An evaluation committee consisting of a team of four looked at each response, and a weighted rating scale score was compiled for each applicant. Price was not the overriding factor in the selection process, with 70 percent of the score based on technical merit and scope, and 30 percent on price.

Following the review process, the evaluation committee made a recommendation to the commissioner regarding which applicants should have the right to negotiate broker contracts with DSS. The commissioner was to then accept or reject the recommendation of the evaluation committee.

Outcome of selection process. The evaluation team recommended DSS negotiate broker contracts with the applicants LogistiCare and Coordinated Transportation Services (CTS). DSS staff notified the applicants of this recommendation for new broker contracts, which were expected to go into effect July 1, 2008. However, one of the current brokers, First Transit, challenged the

recommendation that excluded its broker services. Once the challenge was received, the department's audit division began evaluating the complaint.

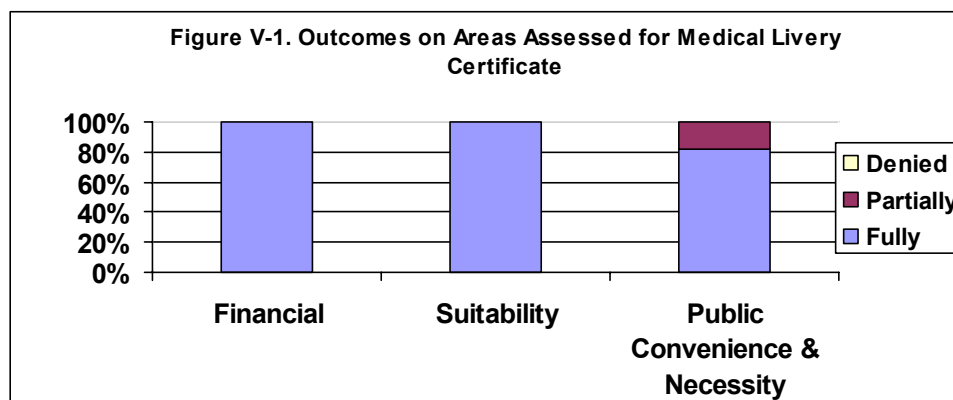
Exercising his right, the commissioner chose to reject the evaluation team's recommendation of negotiating contracts with LogistiCare and Coordinated Transportation Services (CTS). The commissioner's rejection of the evaluation team's recommendation resulted in negotiations with the brokers being suspended. DSS subsequently chose to extend the previous broker contracts to June 30, 2009. The new DSS RFP for broker contracts has not been issued as of December 1, 2008.

Status of Medical Livery Provider Market

Analysis of new medical livery applications. There were DOT decisions on 11 applications for new medical livery company permits during the 3-year period examined by PRI between 2005-2007. As was the case with general livery applications, the three requirements for approval of a new medical livery company application are: 1) financial wherewithal; 2) suitability; and 3) public convenience and necessity.

The determination of public convenience and necessity is somewhat different for medical livery. Their contract with the broker, for example, is referred to as "a lower tier contract for, any federal, state, or municipal agency, (i.e., the operation of this medical livery service)." Applicants typically prove public convenience and necessity by bringing the broker and/or contract with the broker to the public hearing. In one-quarter of the cases, an attorney representing the owner appeared; however, no other supporting witnesses beyond the broker were present.

Figure V-1 shows all applicants demonstrated financial wherewithal and suitability, and nine of the 11 fully demonstrated public convenience and necessity.



Public convenience and necessity. Permits to operate a governmental livery are awarded based on evidence that support the contention that the present and future public convenience and necessity will be improved by a permanent grant of authority for a lower tier contract for any federal, state, or municipal agency.

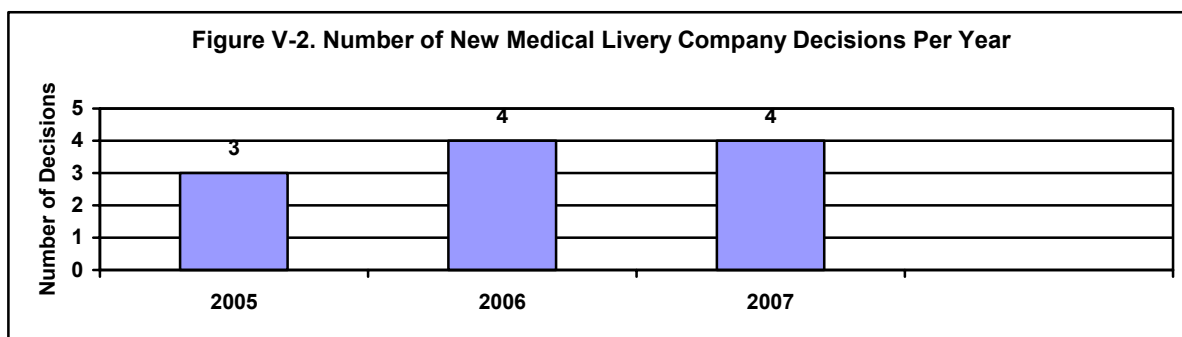
All new medical livery applications were approved fully (9 applications) or at least partially (i.e., because only one of the two brokers was present at the public hearing) (2 applications). Of the

11 new medical livery companies established during 2005-2007, there was an average of four vehicles requested, with a range from one to seven vehicles.

These 11 companies are part of the more than 50 nonemergency medical transportation providers currently under contract with LogistiCare and First Transit. A listing of the providers appears in Appendix E.

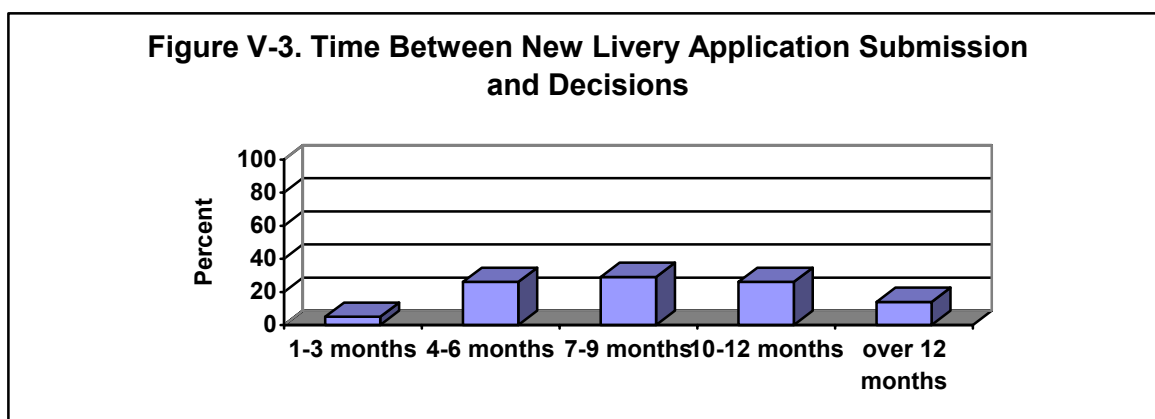
Market Entry Decision Process

Application process. All 11 DOT applications for new nonemergency medical transportation livery companies during 2005-2007 required a public hearing, and the hearing was completed in one day for all but one of the applicants. Figure V-2 shows a breakout of the 11 applications for new medical livery companies decided during 2005-2007. The number of new medical livery applications is significantly less than the 7-19 annual decisions for new general livery companies.



The time between submission of the completed application for a new medical livery company and the announced decision by the hearing officer is shown in Figure V-3. Three-quarters of the applications took more than six months to process.

The median length of time it took from submission of a completed application by the potential new medical livery company owner to final decision was 8 months, similar to the 8.3 months for new general livery applications and 7.5 months for new taxicab applications.



Recommended improvement to the application process. *The lengthy processing time creates barriers to market entry and service to passengers requiring medical transportation.* The primary factor in determining proof of public convenience and necessity in this instance is broker support as demonstrated by commitment to contract with the provider upon application approval. The complexities of assessing public convenience and necessity are minimal for medical livery applicants.

Of the 11 public hearings for new medical livery companies, for example, there was opposition in only one instance, and that was the application that required two public hearing sessions during a one-month period. Elimination of the public hearing when there is no opposition to the application will save application processing time and expense for both the applicant and hearing officer. **Therefore, the committee recommends:**

The requirement of an automatic public hearing by the DOT Administrative Law Unit for a medical livery permit should be abolished when there is no protest of the application. However, at his or her discretion, the Administrative Law Unit Hearing Officer may decide to hold a hearing for reasons such as concern about criminal background of applicant.

Other Recommended Improvements

Oversight of additional funds paid to brokers. Although the broker contracts are for five years at a time, they may receive rate increases from the state during each of the contract periods. Table V-1 shows the increases DSS has given to brokers during the current contract period. There were five regions during this contracting period with different per person per month rates varying by region. One broker was responsible for four of the regions and the other for one of the regions (north central region). Rate increases shown in Table V-1 are averages as there was some variation in increases across regions.

As stated in contract amendments, fuel relief funds are to be "...equitably allocated among and distributed to the providers that made trips..." during a given period of time. The contract amendments that gave provider retention funds are to be "...used by the contractor for the sole purpose of addressing the retention of NEMT transportation providers of livery and chair van..." during a given period of time.

Providers of NEMT services have expressed concern to brokers, DSS, and PRI staff regarding their current reimbursement rates. While some providers report receiving some modest increases during the past five years, *it is uncertain whether providers benefitted from all the rate increases in the broker contract amendments.* Mechanisms should be put in place to assure that providers benefit from these increases, including the broker rate increases. **Therefore, the program review committee recommends:**

DSS should monitor the impact of broker contract increases on provider payments.

| Table V-1. Increases Given to Brokers During the Contract Periods | | |
|---|--|--|
| Use and Period Covered | Rate Increase for Broker | Increase Directly to NEMT Providers |
| 10/1/02-9/30/05 | Original contract period | |
| 10/1/05-9/30/07 | Average broker rate increase of 4% | ? |
| 10/1/07-6/30/08 | Average rate increase for one of the brokers of 2% | ? |
| Fuel Relief Funds to cover trips during 1/1/04-6/30/05 | | \$200,000 |
| Fuel Relief Funds to cover trips during 7/1/05-6/30/06 (reflects two fuel relief increases made by DSS) | | \$1 million |
| Fuel Relief Funds to cover trips during 7/1/06-6/30/07 | | \$3 million |
| Fuel Relief Funds to cover trips during 7/1/07-6/30/08 | | \$3.3 million |
| For use in retention of NEMT providers of livery and chair van services during 7/1/08-8/31/08 | | \$368,000 |
| For use in retention of NEMT providers of livery and chair van services during 9/1/08-6/30/09 | | \$1.84 million |
| Source: DSS contract amendments. | | |

Oversight of provider reimbursement. While providers have expressed concern about reimbursement, there appears to be an adequate number of companies on the broker lists of providers. Further, the most recent list of providers sent to PRI staff by brokers LogistiCare and First Transit contained at least three additional new companies being used for nonemergency medical transportation. Thus, it does not appear that the providers are exiting the business in a mass exodus.

Providers may have multiple contracts with brokers for nonemergency medical transportation of Medicaid clients as well as transportation of clients covered by commercial HMO insurance. There are differences in reimbursement rates depending on whether the client is covered by Medicaid or commercial HMO insurance. There is at least one known case where a provider discovered that transportation given to a commercial HMO client was being reimbursed by the broker at the lower DSS Medicaid level. When it is unclear who the payor is, the provider cannot determine whether they are receiving the correct rate of reimbursement.

There are also separate contracts with providers for this work and the payor source should be specified by the broker. In the past legislative session, a bill was introduced to require brokers to state who the payor source is when providers are receiving reimbursement for NEMT that is funded in multiple ways and at different rates. **Therefore, the committee recommends:**

The brokers should be required by DSS to identify the payor source when reimbursing providers for nonemergency medical transportation services.

Oversight of NEMT providers. Regulations require permit holders to produce current, executed governmental contracts or contract extensions annually at the time of [annual] vehicle registration. Registration occurs once every two years rather than annually. Regardless, providers are not currently adhering to this requirement, even though R.C.S.A. Sec. 13b-96-36(f) states that failure to comply with all the requirements will subject the permit holder to sanctions.

In addition to the DOT Regulatory and Compliance Unit receiving no contract documentation once the medical/governmental livery permit has been secured, the DMV also does not request copies of broker contracts when the vehicle registration is renewed.

There may be an incentive for companies who no longer have contracts with brokers to not disclose this information as it would result in the loss of their L plates, indistinguishable from general livery plates, and illegally provide general livery service.

Rather than expend time and effort trying to get each provider to send copies of contracts with the brokers to DOT, it would be more efficient—and perhaps more accurate—for DOT to receive this list directly from the brokers on an annual basis. **Therefore, the committee recommends:**

DSS should require the brokers to annually send a list to DOT containing the names of the nonemergency medical transportation providers under contract.

Contract cancellation. The brokers are required to notify the Department of Transportation when they cancel a contract with a medical livery company. According to Regulatory and Compliance Unit staff, this is not occurring. The broker should send notification to DOT of any contracts that are cancelled prior to the time when the annual list is prepared. **Therefore, the committee recommends:**

DSS and DOT should periodically remind any DSS broker of its obligation to notify DOT when a contract with a medical livery company is cancelled.

Permit or certificate revocation. Currently, DSS brokers do not know when a certificate or permit has been revoked by DOT as the Regulatory and Compliance Unit is not required to convey this information to them. **Therefore, the program review committee recommends:**

The DOT Regulatory and Compliance Unit shall notify DSS brokers in writing within three days of the revocation of the permit or certificate of any nonemergency medical transportation provider.

Differentiating between medical and general livery vehicles. *There is currently no way to visually distinguish between vehicles in general livery versus medical livery service.* This creates potential abuse of the system, with medical livery vehicles being used for general livery purposes. **Therefore, the program review committee recommends:**

DMV should issue an “M” plate or in some other way distinguish a medical livery plate from a general livery plate.

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Section VI

AGENCY FINDINGS AND RECOMMENDATIONS

This section reviews the roles of the five state agencies with some portion of responsibility for the regulation of taxicabs and general and medical liveries in Connecticut. Analysis of the responsibilities of the Department of Transportation and the Department of Motor Vehicles are highlighted. Ways in which agency oversight may be improved are discussed. The section concludes with a discussion of agency resources.

Role of State Agencies in the Taxicab and Livery Industry

As described during the briefing, there are five state agencies regulating some portion of taxicabs and general and medical liveries in Connecticut: 1) Department of Transportation; 2) Department of Motor Vehicles; 3) Department of Consumer Protection; 4) Department of Public Safety; and 5) Department of Social Services. Figure VI-1 shows the roles and responsibilities of each agency in regulating taxicabs and liveries. The DOT and DMV share the greatest responsibility in regulating the taxicab industry.

Areas of overlap. *There is very little duplication of effort among the five state agencies overseeing the various aspects of taxicab and livery vehicle regulation.* One area of overlap is the inspection of taxicab and livery vehicles. As shown in Table VI-1, some inspections occur jointly with both DMV inspectors from the Commercial Vehicle Safety Division and DOT investigators from the Regulatory and Compliance Unit.

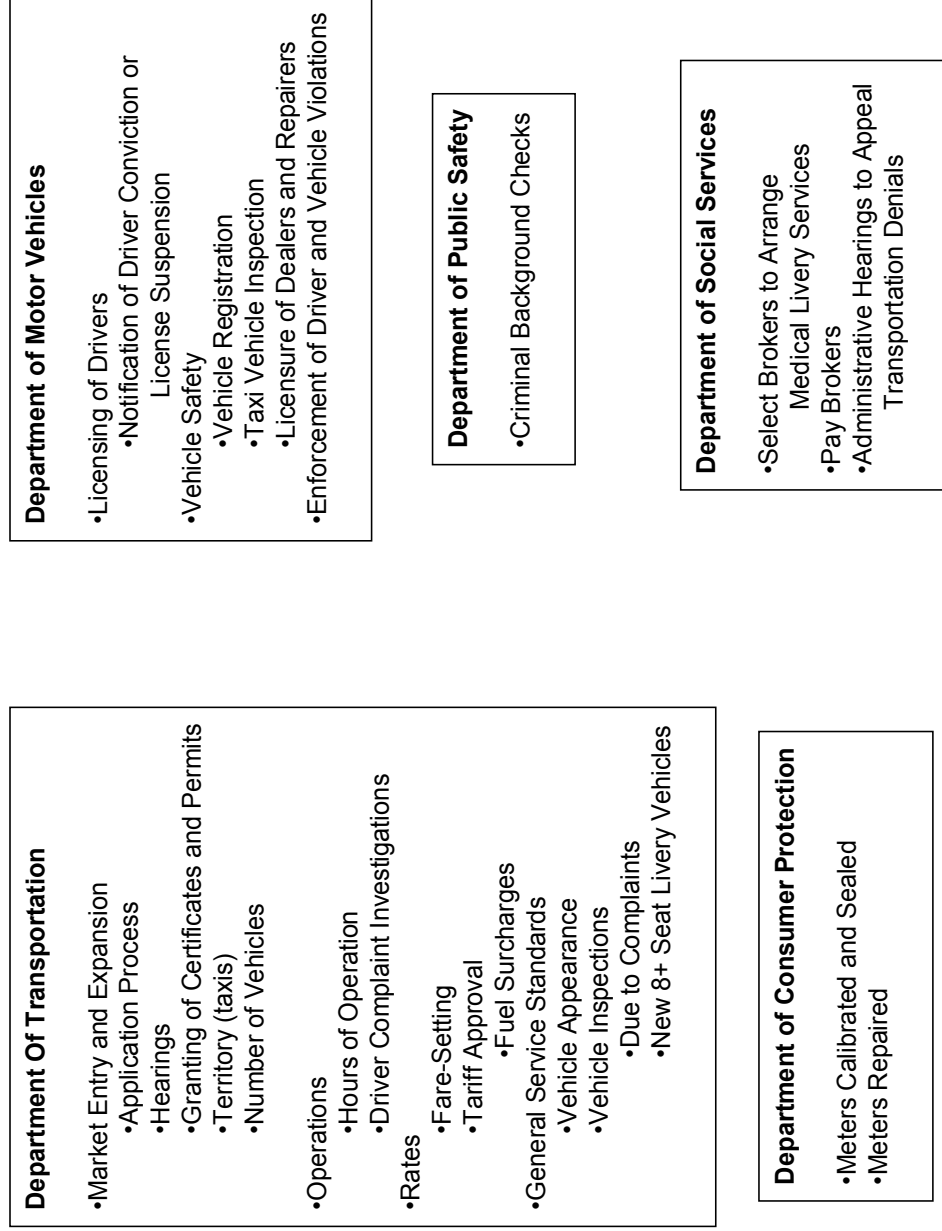
Table VI-1. Number of Taxicab and Livery Vehicle Inspections: 2004-2007

| Vehicle Type | Calendar Year | | | |
|---------------------------|---------------|---------------|---------------|---------------|
| | 2004 | 2005 | 2006 | 2007 |
| Taxi | | | | |
| DOT | 53 | 153 | 55 | 0 |
| DMV | Not available | Not available | 181 | 168 |
| DOT and DMV together | 0 | 0 | 0 | 0 |
| Livery¹ | | | | |
| DOT | 138 | 141 | 213 | 180 |
| DMV | None required | None required | None required | None required |
| DOT and DMV together | 82 | 61 | 43 | 0 |

¹Only new 8+ seat livery vehicles are inspected.

Source: Department of Transportation Regulatory and Compliance Unit; Department of Motor Vehicles Commercial Vehicle Safety Division.

Figure VI-1. State Agencies Regulating Taxicabs and General and Medical Liveries



Department of Transportation and Department of Motor Vehicles. In general, the Department of Transportation is responsible for the bulk of the taxi and livery regulation with the Department of Motor Vehicles also involved because of its jurisdiction over motor vehicles and operator licensure. There are several areas where one is dependent upon the other for coordination and communication of information. Examples of the need for the two agencies to work together include:

- implementation of forms jointly developed (e.g., inspection form for new taxicab vehicles (R-361));
- information provided by private garages (Regulatory and Compliance Unit and the Dealers and Repairers Enforcement Unit);
- sharing of taxicab registration data; and
- collaboration on joint unannounced inspections.

Regularly scheduled meetings between DOT and DMV staff to work out areas of mutual responsibility would be beneficial. The current study, for example, uncovered instances where taxi registration information was to have been communicated between the two agencies but was not occurring, and new inspection forms were thought to have been implemented, but were not in use. **Therefore, the committee recommends:**

A memorandum of agreement should be drafted between the DOT and DMV providing that staff responsible for taxi and livery regulation should meet at least quarterly to discuss concerns, problem-solve, implement solutions, coordinate, and communicate information regarding oversight of taxi and livery regulation.

Department of Transportation Responsibilities

Previously regulated as a public service company by the Department of Public Utility Control, the economic regulatory jurisdiction over taxis was transferred to the Department of Transportation in 1979. Both the Regulatory and Compliance Unit and the Administrative Law Unit appear to be doing their best with limited resources. Department of Transportation management has expressed to program review staff their belief that the regulation of taxicabs and livery vehicles is not an appropriate responsibility for the Department of Transportation, in part because taxis are not public transportation like buses and trains.

In reviewing the DOT mission statement, though, it seems that its mission naturally includes taxicabs as one component of the state's transportation system, most likely the reason taxi jurisdiction was transferred to DOT in the first place in 1979:

It is the Mission of the Connecticut Department of Transportation to provide a safe, efficient, and cost-effective transportation system that meets the mobility needs of its users.

Certainly as interest in mass transit increases, the need to transport persons from transportation centers to specific locations will increase. Further, taxi service is a form of public transportation, with estimates of approximately 2 million trips taken annually by Connecticut residents (see figures in Introduction Section). The public depends on taxis to get from the train station to work, from home to the airport, and safely home from a tavern. Connecticut residents without cars or inability to drive, rely on taxis to get to work, grocery stores, banks and doctor's appointments. Just as the public has expectations that the bus or train boarded will provide safe, efficient, and cost-effective transportation, so, too, does the taxicab passenger.

Overall, the committee finds *the Department of Transportation is not meeting its full responsibilities for taxicab and livery vehicle regulation* as evidenced by:

- failure to act on updating livery vehicle regulations (since 1965), despite drafts developed in partnership with the livery industry and reviewed by agency attorneys in 2006;
- cessation of taxicab inspections (since 2006), although the manager at that time referred to the "dire status" of the existing Connecticut taxi fleet;
- failure to monitor self-insurance requirements of taxicab companies (see Table II-10), despite previous warning regarding this issue in a public hearing decision;
- downgrading of the position with direct oversight of the Regulatory and Compliance Unit from manager to supervisor in 2006;
- dramatic reduction in staff and resources, leading to a reduction in hours open to the public from the standard five day schedule, to 10 hours per week spread over two days, effective January 1, 2006 (due to a reduction in staff); and
- lack of follow-up with DMV on taxicab registration transaction information they needed but had not received, information that was necessary to maintaining the integrity of their central database.

PRI is aware that in the last five years, there have been discussions and efforts on the part of DOT to transfer the primary jurisdiction over taxicabs to other agencies, including the Department of Motor Vehicles and the Department of Consumer Protection. This institutional desire to shift taxicab jurisdiction appears to have contributed to a less than active approach to taxicab oversight, leading to:

- safety concerns regarding taxicab vehicles;
- lack of proper licensing of some taxicab drivers;
- confusing meter rates leading to the potential for passenger overcharges;
- confusion about public convenience and necessity, the primary determinant of market entry;

- lengthy application processing time; and
- unenforceable regulations (e.g., child car safety seats, territory specification).

For any improvement to occur in the regulation of Connecticut's taxicabs and livery vehicles, the Department of Transportation needs to renew its commitment to taxicab and livery regulation responsibilities. Therefore, the program review committee recommends:

The DOT should take proactive steps in the oversight of the taxi and livery industries. Evidence of these proactive steps would include: restitution of staff resources necessary to adequately enforce regulations; evidence that inspections have resumed and quarterly certificate holder inspections are occurring; and an increase in their participation in public hearings.

Department of Transportation resources. While there had been 10 experienced staff in the unit in early 1996, subsequent state employee layoffs and early retirements left just two of those staff by June 2003. The unit has since increased to seven staff (with one applications analyst on leave); however, the level of experience and expertise in regulatory compliance is less than was in place in 1996.

The Regulatory and Compliance Unit staffing shortage and lack of experience is certainly responsible for some of the above-mentioned difficulties. This affects the unit's ability to assist applicants with application preparation, as well as maintain records, inspect vehicles, investigate complaints, and otherwise enforce taxicab and livery regulations. At one time, there were two additional staff responsible for rates and other financial matters (now there is just one staff person), one additional licensing and application specialist (currently down to one staff person due to absence of another staff person on leave of absence), and a clerical position to assist with paperwork and other day-to-day needs.

Current resources are insufficient to provide acceptable oversight of regulation of the Connecticut taxicab and livery industry, and implementation of many of the expanded monitoring and enforcement recommendations contained in this report will require additional resources necessary for safe and acceptable taxicab service for the public. The present financial constraints facing Connecticut at this time preclude recommending a return to the staffing levels of 1996. However, the need for some additional resources, covered by increases in certificate and permit holder fees recommended earlier in this report, lead to a recommendation of two additional positions for the Regulatory and Compliance Unit. Therefore, the program review committee recommends:

The Department of Transportation should add two additional positions, at least one of which is an investigator position.

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APPENDICES

| Appendix A. Three Market Entry and Four Market Expansion Routes | | | | | | | |
|---|---|---|--|--|--|--|---|
| | Initial Market Entry Routes* | | | Market Expansion Routes* | | | |
| | New Certificate (<i>would existing cert owner apply this way?</i>) | Full sale or transfer of an existing certificate to person who does not already own certificate | Partial sale or transfer of the interest in an existing certificate to person who does not already own certificate | Additional vehicles for existing certificate | Expedited application for one additional vehicle for existing certificate holder | Full sale or transfer of an existing certificate to an existing certificate holder | Partial sale of an existing certificate to an existing certificate holder |
| Applicant must prove Public Convenience And Necessity | Yes | No (assumed to already exist if regs met)** | No (assumed to already exist if regs met)** | Yes | Yes | No (assumed to already exist if regs met)** | No (assumed to already exist if regs met) ** |
| Applicant must prove Suitability | Yes | Yes | Yes | Yes | Yes | Yes*** | Yes*** |
| Applicant must prove Financial Adequacy | Yes | Y | Y | Yes | Yes | Yes | |
| Public Hearing Required | Yes | No | No | No (however, in practice, they are held) | No (unless applicant is not satisfied with DOT decision) | No | No |
| Public Notice Required | Yes (of application and public hearing) | No | No | Yes (of application) | No | No | No |

* Each type of application includes a specific number of taxicabs to operate in a specific territory (i.e., towns) (except expedited, which is limited to one cab). A DOT final decision can either: 1) approve the application as presented, 2) approve a lesser number of taxicabs in the same or fewer towns, or 3) deny the application altogether.

** Presumably to address concerns about good faith sales, “flipping”, and the presumption of previously established need, for this transaction to be approved, the seller must show two things: 1) all the taxicabs operated under the certificate **being sold** (this refers to the taxicabs) have been in service in the six months prior to the sale (or prior DOT approval had been obtained to suspend service); and 2) each taxicab authorized under the certificate has been in operation for two continuous years after the date of authorization “of the final decision”?

*** Any prior determination of suitability of the purchaser made by DOT is to take into consideration when a sale or transfer application is filed.

| Appendix B. Summary of Taxicab Safety Regulation in Comparison States | | | | | | | |
|---|------------------------------|---------------------------------------|---|---------|--|---------|--|
| State | Taxicab Inspection Frequency | Child Safety Car Seat Regulation | Level of Criminal Background Check on Potential Taxi Company Owners | | Level of Criminal Background Check on Potential Taxi Drivers | | |
| | | | State | Federal | State | Federal | |
| Rhode Island | Twice a year | Parents provide | Yes | No | Yes | No | |
| Delaware | Twice a year | Not exempt/required upon request | Yes | No | Yes | Yes | |
| Pennsylvania | Twice a year | Not exempt/required upon request | No | No | Yes | No | |
| West Virginia | Once a year | Parents provide | No | No | No | No | |
| Kentucky | Once a year | Unknown or not addressed | No | No | No | No | |
| Colorado | Annual Random Check | Exempt | No | No | Yes | Yes | |
| Montana | | Unknown or not addressed | No | No | No | No | |
| Nebraska | Once a year | Unknown or not addressed | Yes | No | No | No | |
| New Mexico | Twice a year | Not exempt | No | No | | | |
| | | | | | | | |
| Other Comparison States | | | | | | | |
| Massachusetts (Springfield) | Once a year | Exempt | No | No | Yes | No | |
| Massachusetts (Boston) | Twice a year | Exempt | Yes | No | | | |
| Vermont (Burlington) | Once a year | Exempt | Yes | No | | | |
| Maine (Portland) | Twice a year | Parents provide | Yes | No | | | |
| New Hampshire (Manchester) | Twice a year | Exempt | Yes | No | | | |
| New York | Three times a year | Exempt, parents encouraged to provide | Yes | No | Yes | No | |
| New Jersey (Newark) | Twice a year | Not Exempt | Yes | No | | | |
| Maryland (Baltimore) | Twice a year | Exempt | Yes | Yes | | | |
| Source: Interviews with taxicab regulators in comparison states. | | | | | | | |

| Appendix C. Information About Towed Taxicabs | |
|---|--|
| Taxicab Company | Details About Towed Vehicle |
| Company A (New Haven) 2000 Ford Crown Victoria (111,376 miles) | <ul style="list-style-type: none"> • Steering component-axle 1 left side upper ball joint defective • Steering component-idler arm defective • Steering component-fan belt cracked • Right headlight out • Rear seat unsecured • Driver seat ripped |
| Company B (New Haven) 1999 Mercury Marquis (250,782 miles) | <ul style="list-style-type: none"> • Operating vehicle without a license to drive a taxi (driver stated he has done so for five years) • Steering component-axle 1 right side inside tie rod end defective • Steering component-axle 1 right side upper ball joint defective • Steering component-axle 1 left side upper ball joint defective • Suspension component-axle 1 right side upper control arm bushing defective • Front bumper cover unsecured • Bald and worn tires • No driver identification card • Taxi dome light not working • Missing front marker plate • Air conditioning not working |
| Company C (New Haven) 2001 Lincoln Town Car (125,104 miles) | <ul style="list-style-type: none"> • Steering component-axle 1 right side upper ball joint defective • Left rear tail light broken • Wipers malfunctioning • Battery unsecured |
| Company D (New Haven) 2003 Ford Taurus (99,953 miles) | <ul style="list-style-type: none"> • Operating an unregistered vehicle • Cracked front bumper cover • Cannot access rear center seatbelt • No windshield washer fluid • No driver identification card • No compliment card |

| Taxicab Company | Details About Towed Vehicle |
|---|---|
| Company E (Stamford) 1998 Lincoln Town Car (341,273 miles) | <ul style="list-style-type: none"> • Operating vehicle without a license to drive a taxi (driver stated he has filling in for his sick mother) • Axle 2 left side inner tire thread defective • Axle 1 right side tire cut on side wall exposing cord defective • Axle 2 right side tire thread less than 2/32 defective • Fuel fill neck has cracks • No brake lights • Hazard light inoperable • Taxi dome light inoperable • Battery not secured • Rear seat missing center seat belt buckle • Rear seat not secured • No parking brake • No comment card • Weak air conditioning • Engine light on • No windshield washer |
| Company F (Stamford) 2001 Ford Crown Victoria (146,741 miles) | <ul style="list-style-type: none"> • Operating a taxicab with an expired driver's license • Steering component-axle 1 right side upper control arm bushing • Steering component-axle 1 right side tie rod end play • Steering component-axle 1 left side tie rod end play • Steering component-pitman arm defective • Steering component-idler arm defective • Batter unsecured • Center brake light out • Driver seat belt cut defective • Rear seat center seat belt cut defective • Rear seat unsecured • Wipers inoperable • Right rear door seal missing • Check engine light on • Body damage right side |
| Source: Joint DMV and DOT taxicab vehicle inspections August 18-20, 2008. | |

APPENDIX D
TAXI RATES EFFECTIVE 11/08

| LOCATION | DROP | TRAVEL | TIME | DATE |
|-----------------|-------------|---------------|-------------|-------------|
| ANDOVER | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| ANSONIA | 1.75 1/10 | .30 1/10 | .30/35 | 97-11 |
| ASHFORD | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| AVON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| BARKHAMSTED | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| BEACON FALLS | 1.75 1/10 | .30 1/10 | .30/35 | 97-12 |
| BERLIN | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| BETHANY | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| BETHEL | 2.25 1/9 | .25 1/9 | .25/29 | 06-05 |
| BETHLEHEM | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| BLOOMFIELD | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| BOLTON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| BOZRAH | 2.25 1/9 | .25 1/9 | .25/29 | 06-09 |
| BRANFORD | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| BRIDGEPORT | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| BRIDGEWATER | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| BRISTOL | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| BROOKFIELD | 2.25 1/9 | .25 1/9 | .25/29 | 06-05 |
| BROOKLYN | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| BURLINGTON | 2.00 1/9 | .25 1/9 | .25/29 | 06-10 |
| CANAAN | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| CANTERBURY | 2.25 1/9 | .25 1/9 | .25/29 | 00-06 |
| CANTON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| CHAPLIN | 2.25 1/9 | .25 1/9 | .25/29 | 06-09 |
| CHESHIRE | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| CHESTER | 2.00 1/9 | .25 1/9 | .25/29 | 06-10 |
| CLINTON | 2.00 1/8 | .25 1/8 | .25/36 | 00-09 |
| COLEBROOK | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| COLCHESTER | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| COLUMBIA | 2.25 1/9 | .25 1/9 | .25/29 | 06-09 |
| CORNWALL | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| COVENTRY | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| CROMWELL | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| DANBURY | 2.25 1/9 | .25 1/9 | .25/29 | 06-05 |
| DARIEN | 3.00 1/10 | .25 1/10 | .25/29 | 01-07 |
| DEEP RIVER | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| DERBY | 1.75 1/10 | .30 1/10 | .30/35 | 97-11 |
| DURHAM | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| E. HAMPTON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |

TAXI RATES EFFECTIVE 11/08

| <u>LOCATION</u> | <u>DROP</u> | <u>TRAVEL</u> | <u>TIME</u> | <u>DATE</u> |
|------------------------|--------------------|----------------------|--------------------|--------------------|
| EASTFORD | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| E. GRANBY | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| E. HADDAM | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| E. HARTFORD | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| E. HAVEN | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| E. LYME | 2.00 1/8 | .25 1/8 | .25/36 | 00-06 |
| E. WINDSOR | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| EASTON | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| ELLINGTON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| ENFIELD | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| ESSEX | 2.00 1/9 | .25 1/9 | .25/29 | 06-10 |
| FAIRFIELD | 2.50 2/10 | .20 1/10 | .20/30 | 01-04 |
| FARMINGTON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| FRANKLIN | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| GLASTONBURY | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| GOSHEN | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| GRANBY | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| GREENWICH | 3.00 1/10 | .25 1/10 | .25/29 | 01-07 |
| GRISWOLD | 2.25 1/9 | .25 1/9 | .25/29 | 06-09 |
| GROTON | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| GUILFORD | 2.00 1/9 | .25 1/9 | .25/29 | 06-10 |
| HADDAM | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| HAMDEN | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| HAMPTON | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| HARTFORD | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| HARTLAND | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| HARWINTON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| HEBRON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| KENT | 2.00 1/8 | .25 1/8 | .25/36 | 00-07 |
| KILLINGLY | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| KILLINGWORTH | 2.25 1/9 | .25 1/9 | .25/25 | 06-10 |
| LEBANON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| LEDYARD | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| LISBON | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| LITCHFIELD | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| LYME | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| MADISON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| MANCHESTER | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| MANSFIELD | 2.25 1/9 | .25 1/9 | .25 1/9 | 06-09 |

TAXI RATES EFFECTIVE 11/08

| <u>LOCATION</u> | <u>DROP</u> | <u>TRAVEL</u> | <u>TIME</u> | <u>DATE</u> |
|------------------------|--------------------|----------------------|--------------------|--------------------|
| MARLBOROUGH | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| MERIDEN | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| MIDDLEBURY | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| MIDDLEFIELD | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| MIDDLETOWN | 2.00 1/9 | .25 1/9 | .25/29 | 06-10 |
| MILFORD | 2.25 1/9 | .25 1/9 | .25/29 | 08-11 |
| MONROE | 1.75 1/10 | .30 1/10 | .30/35 | 99-08 |
| MONTVILLE | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| MORRIS | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| NAUGATUCK | 2.00 1/8 | .25 1/8 | .25/36 | 00-06 |
| NEW BRITAIN | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| NEW CANAAN | 3.00 1/10 | .25 1/10 | .25/29 | 01-07 |
| NEW FAIRFIELD | 2.00 1/9 | .25 1/9 | .25/29 | 2006 |
| NEW HARTFORD | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| NEW HAVEN | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| NEW LONDON | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| NEW MILFORD | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| NEWINGTON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| NEWTOWN | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| NORFOLK | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| NO. BRANFORD | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| NO. CANAAN | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| NO. GRANBY | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| NO. HAVEN | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| NO. STONINGTON | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| NORWALK | 2.75 1/9 | .25 1/9 | .25/34 | 01-07 |
| NORWICH | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| OLD LYME | 2.00 1/8 | .25 1/8 | .25/36 | 00-09 |
| OLD SAYBROOK | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| ORANGE | 2.25 1/9 | .25 1/9 | .25/29 | 08-11 |
| OXFORD | 1.75 1/10 | .30 1/10 | .30/35 | 97-11 |
| PLAINFIELD | 2.00 1/8 | .25 1/8 | .25/36 | 00-06 |
| PLAINVILLE | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| PLYMOUTH | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| POMFRET | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| PORTLAND | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| PRESTON | 2.25 1/9 | .25 1/9 | .25/29 | 06-09 |
| PROSPECT | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| PUTNAM | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |

TAXI RATES EFFECTIVE 11/08

| <u>LOCATION</u> | <u>DROP</u> | <u>TRAVEL</u> | <u>TIME</u> | <u>DATE</u> |
|------------------------|--------------------|----------------------|--------------------|--------------------|
| REDDING | 2.25 1/9 | .25 1/9 | .25/29 | 06-05 |
| RIDGEFIELD | 2.25 1/9 | .25 1/9 | .25/29 | 06-05 |
| ROCKY HILL | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| ROXBURY | 2.00 1/8 | .25 1/8 | .25/36 | 00-07 |
| SALEM | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| SALISBURY | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| SCOTLAND | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| SEYMOUR | 1.75 1/10 | .30 1/10 | .30/35 | 97-11 |
| SHARON | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| SHELTON | 1.75 1/10 | .30 1/10 | .30/35 | 97-11 |
| SHERMAN | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| SIMSBURY | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| SOMERS | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| SO. WINDSOR | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| SOUTHBURY | 2.00 1/8 | .25 1/8 | .25/36 | 00-06 |
| SOUTHINGTON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| SPRAGUE | 2.25 1/9 | .25 1/9 | .25/29 | 06-09 |
| STAFFORD | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| STAMFORD | 3.00 1/10 | .25 1/10 | .25/29 | 01-07 |
| STERLING | 2.25 1/9 | .25 1/9 | .25/29 | 06-09 |
| STONINGTON | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| STRATFORD | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| SUFFIELD | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| THOMASTON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| THOMPSON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| TOLLAND | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| TORRINGTON | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| TRUMBULL | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| UNION | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| VERNON | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| VOLUNTOWN | 2.25 1/9 | .25 1/9 | .25/29 | 06-09 |
| WALLINGFORD | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| WARREN | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| WASHINGTON | 2.00 1/8 | .25 1/8 | .25/36 | 00-07 |
| WATERBURY | 2.00 1/8 | .25 1/8 | .25/36 | 00-06 |
| WATERFORD | 2.25 1/9 | .25 1/9 | .25/29 | 2006 |
| WATERTOWN | 2.00 1/8 | .25 1/8 | .25/36 | 00-06 |
| W. HARTFORD | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| W. HAVEN | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |

TAXI RATES EFFECTIVE 11/08

| <u>LOCATION</u> | <u>DROP</u> | <u>TRAVEL</u> | <u>TIME</u> | <u>DATE</u> |
|------------------------|--------------------|----------------------|--------------------|--------------------|
| WESTBROOK | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| WESTON | 3.00 1/10 | .25 1/10 | .25/29 | 01-07 |
| WESTPORT | 3.00 1/10 | .25 1/10 | .25/29 | 2007 |
| WETHERSFIELD | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| WILLINGTON | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| WILTON | 3.00 1/10 | .25 1/10 | .25/29 | 01-07 |
| WINCHESTER | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| WINDHAM | 2.25 1/9 | .25 1/9 | .25/29 | 06-09 |
| WINDSOR | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| WINDSOR LOCKS | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |
| WOLCOTT | 2.00 1/8 | .25 1/8 | .25/36 | 00-11 |
| WOODBIDGE | 2.25 1/9 | .25 1/9 | .25/29 | 04-10 |
| WOODBURY | 2.00 1/8 | .25 1/8 | .25/36 | 00-07 |
| WOODSTOCK | 2.25 1/9 | .25 1/9 | .25/29 | 06-10 |

| Appendix E. Companies Providing Nonemergency Medical Transportation Services | |
|---|--------------------------------|
| 5 Diamond Lim | Lina Medical Transportation |
| Ability Beyond Disability | Livery Limited |
| Access Ambulance Service | Mac Transportation |
| Ace Taxi Service | Maffei's Taxi |
| Aetna Ambulance Service | Med-X |
| All Transportation | Managed Transportation Service |
| Allied Transportation | Metro Taxi |
| Ambassador Transportation | Mid-Fairfield Child Guidance |
| American Ambulance | Milford Transit District |
| American Chair Car Service | Nason/Kelly |
| American Medical Response | Nation Transportation |
| Andrea's Limo | Norwich Taxi |
| Bristol Hospital EMS | Olson Transportation |
| Campion Ambulance Service | On Time Limo |
| Chestelm Adult Day Services | Park City Livery |
| Crossroads Transportation | People & Places |
| Curtin Livery Waterbury | Royal Ride |
| D&R Transportation Service | Simon Transportation |
| Danbury Ambulance | Suburban Livery |
| Essex Limousine Service | Supreme |
| Executive 2000 | Valley Cab and Livery |
| Harry's Taxi | Valley Transit District |
| Hunter's | Cook's Transportation |
| K&E Transportation | Allied Rehab |
| Leila Limousine | Googe Transportation |
| | Metropolitan WheelChair |
| Source: LogistiCare and First Transit DSS brokers. | |